

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.



83D CONGRESS
1ST SESSION

H. R. 4090

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1953

Mr. HILL introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To create the Small Business Administration and to preserve small business institutions and free, competitive enterprise.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Small Business Act of
4 1953".

5 SEC. 2. (a) Believing that a well-balanced economy is a
6 cardinal prerequisite to the continued prosperity and security
7 of the United States, and recognizing that the essence of the
8 American economic system of private enterprise is free com-
9 petition; that only through full and free competition can free
10 markets, free entry into business, and opportunities for the
11 expression and growth of personal initiative and individual

1 judgment be assured; that the preservation and expansion
2 of such competition is basic not only to the economic well-
3 being but to the security of this Nation; and that the en-
4 couragement and development of the actual and potential of
5 small business is vital to the existence of healthy competition,
6 is necessary to the economic stability of all the people, and
7 is indispensable to the security of the United States, it is
8 the declared policy of the Congress that the establishment of
9 a permanent independent agency of the Government to
10 aid, counsel, assist, and protect the interests of small-business
11 concerns is essential to preserve free competitive enterprise,
12 to ensure that a fair proportion of the total purchases and
13 contracts for supplies and services for the Government is
14 placed with small-business enterprises, and to maintain and
15 strengthen the overall economy of small business, of the
16 Nation, and of all its people. In order to carry out this
17 policy there is hereby created an agency under the name
18 "Small Business Administration" (hereinafter referred to as
19 the Administration), which Administration shall be under
20 the general direction and supervision of the President and
21 shall not be affiliated with or be within any other agency
22 or department of the Federal Government. The principal
23 office of the Administration shall be located in the District of
24 Columbia, but the Administration may establish such branch
25 offices in other places in the United States as may be de-

1 terminated by the Administrator of the Administration. For
2 the purposes of this Act, a small-business concern shall be
3 deemed to be one which is independently owned and operated
4 and which is not dominant in its field of operation. The
5 Administration, in making a detailed definition, may use these
6 criteria, among others: independency of ownership and
7 operation, number of employees, dollar volume of business,
8 and nondominance in its field.

9 (b) The Administration is authorized to obtain money
10 from the Treasury of the United States for use in the per-
11 formance of the powers and duties granted to or imposed
12 upon it by law, not to exceed a total of \$50,000,000 out-
13 standing at any one time. For this purpose appropriations
14 not to exceed \$50,000,000 are hereby authorized to be made
15 to a revolving fund in the Treasury. Advances shall be
16 made to the Administration from the revolving fund when
17 requested by the Administration. This revolving fund shall
18 be used for the purposes enumerated subsequently in section
19 5 (b) and (c). Reimbursements made to the Adminis-
20 tration under these operations shall revert to the revolving
21 fund for use for the same purposes.

22 (c) The management of the Administration shall be
23 vested in an Administrator who shall be appointed from
24 civilian life by the President, by and with the consent of
25 the Senate, and who shall be a person of outstanding quali-

1 fications known to be familiar and sympathetic with small-
2 business needs and problems. The Administrator shall re-
3 ceive compensation at the rate of \$17,500 per annum. The
4 Administrator shall not engage in any other business, voca-
5 tion, or employment than that of serving as Administrator.
6 The Administrator is authorized to appoint three deputy
7 administrators to assist in the execution of the functions
8 vested in the Administration. Deputy administrators shall
9 be paid at the rate of \$15,000 per annum.

10 SEC. 3. (a) The Administration shall have power to
11 adopt, alter, and use a seal, which shall be judicially noticed.
12 The Administrator is authorized, subject to the civil service
13 and classification laws, to select, employ, appoint, and fix
14 the compensation of such officers, employees, attorneys, and
15 agents as shall be necessary to carry out the provisions of
16 this Act; to define their authority and duties, require bonds
17 of them, and fix the penalties thereof. The Administration,
18 with the consent of any board, commission, independent
19 establishment, or executive department of the Government,
20 may avail itself of the use of information, services, facilities,
21 including any field service thereof, officers, and employees
22 thereof, in carrying out the provisions of this Act.

23 (b) To such extent as he finds necessary to carry out
24 the provisions of this Act, the Administrator is hereby
25 authorized to procure the temporary (not in excess of one

1 year) or intermittent service of experts or consultants or
2 organizations thereof, including stenographic reporting serv-
3 ices, by contract or appointment, and in such cases such
4 service shall be without regard to the civil service and
5 classification laws, and, except in the case of stenographic
6 reporting services by organizations, without regard to section
7 3709, Revised Statutes, as amended (41 U. S. C. 5).

8 SEC. 4. All moneys of the Administration not otherwise
9 employed may be deposited with the Treasurer of the United
10 States subject to check by authority of the Administration or
11 in any Federal Reserve bank. The Federal Reserve banks
12 are authorized and directed to act as depositaries, custodians,
13 and fiscal agents for the Administration in the general per-
14 formance of its powers conferred by this Act. Any insured
15 banks when designated by the Secretary of the Treasury,
16 shall act as custodians, and financial agents for the Admin-
17 istration.

18 SEC. 5. The Administration is empowered—

19 (a) to recommend to the Reconstruction Finance
20 Corporation loans or advances, on such terms and con-
21 ditions and with such maturity as the Reconstruction
22 Finance Corporation may determine on its own dis-
23 cretion, to enable small-business concerns to finance
24 plant construction, conversion, or expansion, including
25 the acquisition of land; or to finance the acquisition of

1 equipment, facilities, machinery, supplies, or materials;
2 or to finance research, development, and experimental
3 work on new or improved products or processes; or to
4 supply such concerns with working capital to be used
5 in the manufacture of articles, equipment, supplies, or
6 materials for war, defense or essential civilian produc-
7 tion or as may be necessary to insure a well-balanced
8 national economy; such loans or advances may be made
9 or effected either directly by the Reconstruction Finance
10 Corporation or in cooperation with banks or other lend-
11 ing institutions through agreements to participate, or by
12 the purchase of participations;

13 (b) to enter into contracts with the United States
14 Government and any department, agency, or officer
15 thereof having procurement powers obligating the Ad-
16 ministration to furnish articles, equipment, supplies, or
17 materials to the Government;

18 (c) to arrange for the performance of such con-
19 tracts by negotiating or otherwise letting subcontracts to
20 small-business concerns or others for the manufacture,
21 supply, or assembly of such articles, equipment, supplies,
22 or materials, or parts thereof, or servicing or processing
23 in connection therewith, or such management services as
24 may be necessary to enable the Administration to per-
25 form such contracts; and

(d) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

SEC. 6. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

SEC. 7. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for

1 the purpose of obtaining for himself or for any applicant any
2 loan, or extension thereof by renewal, deferment of action,
3 or otherwise, or the acceptance, release, or substitution of
4 security therefor, or for the purpose of influencing in any
5 way the action of the Administration, or for the purpose of
6 obtaining money, property, or anything of value, under this
7 Act, shall be punished by a fine of not more than \$5,000 or
8 by imprisonment for not more than two years, or both.

9 (b) Whoever, being connected in any capacity with the
10 Administration (A) embezzles, abstracts, purloins, or will-
11 fully misapplies any moneys, funds, securities, or other things
12 of value, whether belonging to it or pledged or otherwise
13 entrusted to it, or (B) with intent to defraud the Adminis-
14 tration or any other body politic or corporate, or any individ-
15 ual, or to deceive any officer, auditor, or examiner of the
16 Administration makes any false entry in any book, report, or
17 statement of or to the Administration, or, without being
18 duly authorized, draws any order or issues, puts forth, or
19 assigns any note, debenture, bond, or other obligation, or
20 draft, bill of exchange, mortgage, judgment, or decree
21 thereof, or (C) with intent to defraud participates, shares,
22 receives directly or indirectly any money, profit, property,
23 or benefit through any transaction, loan, commission, con-
24 tract, or any other act of the Administration, or (D) gives
25 any unauthorized information concerning any future action

1 or plan of the Administration which might affect the value
2 of securities, or, having such knowledge, invests or specu-
3 lates, directly or indirectly, in the securities or property of
4 any company or corporation receiving loans or other assist-
5 ance from the Administration shall be punished by a fine
6 of not more than \$10,000 or by imprisonment for not more
7 than five years, or both.

8 SEC. 8. It shall be the duty of the Administration and
9 it is hereby empowered, whenever it determines such action
10 is necessary—

11 (a) to make a complete inventory of all productive
12 facilities of small-business concerns which can be used for
13 war, defense, or essential civilian production, or to
14 arrange for such inventory to be made by any other
15 governmental agency which has the facilities. In
16 making any such inventory, the appropriate agencies
17 in the several States shall be requested to furnish an
18 inventory of the productive facilities of small-business
19 concerns in each respective State if such an inventory
20 is available or in prospect; and

21 (b) to coordinate and to ascertain the means by
22 which the productive capacity of small-business concerns
23 can be most effectively utilized for war, defense or
24 essential civilian production.

1 SEC. 9. It shall be the duty of the Administration and
2 it is hereby empowered, to consult and cooperate with gov-
3 ernmental departments and agencies in the issuance of all
4 orders or in the formulation of policy or policies in any way
5 affecting small-business concerns. All such governmental
6 departments or agencies are required, before issuing such
7 orders or announcing such policy or policies, to consult and
8 cooperate with the Administration in order that the interests
9 of small-business enterprises may be recognized, protected
10 and preserved.

11 SEC. 10. The Administration shall have power, and it is
12 hereby directed, whenever it determines such action is
13 necessary—

14 (a) to consult and cooperate with officers of the
15 Government having procurement powers, in order to
16 utilize the potential productive capacity of plants oper-
17 ated by small-business concerns;

18 (b) to obtain information as to methods and prac-
19 tices which Government prime contractors utilize in
20 letting subcontracts and to take action to encourage the
21 letting of subcontracts by prime contractors to small-
22 business concerns at prices and on conditions and terms
23 which are fair and equitable;

24 (c) to determine within any industry the concerns,
25 firms, persons, corporations, partnerships, cooperatives,

1 or other business enterprises, which are to be designated
2 “small-business concerns” for the purpose of effectuat-
3 ing the provisions of this Act;

4 (d) to certify to Government procurement officers
5 with respect to the competency, as to capacity and
6 credit, of any small-business concern or group of such
7 concerns to perform a specific Government procurement
8 contract;

9 (e) to obtain from any Federal department, estab-
10 lishment, or agency engaged in procurement or in the
11 financing of procurement or production such reports
12 concerning the letting of contracts and subcontracts and
13 making of loans to business concerns as it may deem
14 pertinent in carrying out its functions under this Act;

15 (f) to obtain from suppliers of materials informa-
16 tion pertaining to the method of filling orders and the
17 bases for allocating their supply, whenever it appears
18 that any small business is unable to obtain materials
19 from its normal sources for war or defense production
20 or for essential or such other civilian production as is
21 necessary to maintain a well-balanced national economy;

22 (g) to make studies and recommendations to the
23 appropriate Federal agencies to insure a fair and equi-
24 table share of materials, supplies, and equipment to
25 small-business concerns to effectuate war or defense

1 programs, for essential civilian purposes, or for any
2 other purpose deemed essential to a well-balanced
3 national economy;

4 (h) to consult and cooperate with all Government
5 agencies for the purpose of insuring that small-business
6 concerns shall receive fair and reasonable treatment
7 from said agencies; and

8 (i) to establish such advisory boards and commit-
9 tees wholly representative of small business as may be
10 found necessary to achieve the purposes of this Act.

11 SEC. 11. In any case in which a small-business concern
12 or group of such concerns has been certified by or under the
13 authority of the Administration to be a competent Govern-
14 ment contractor with respect to capacity and credit as to a
15 specific Government procurement contract, the officers of the
16 Government having procurement powers are directed to ac-
17 cept such certification as conclusive, and are authorized to let
18 such Government procurement contract to such concern or
19 group of concerns without requiring it to meet any other
20 requirement with respect to capacity and credit.

21 SEC. 12. To effectuate the purposes of this Act, small-
22 business concerns within the meaning of this Act shall receive
23 any award or contract or any part thereof as to which it is
24 determined by the Administration and the contracting pro-
25 curement agencies (A) to be in the interest of mobilizing the

1 Nation's full productive capacity, (B) to be in the interest of
2 war or national defense programs, or (C) to be in the interest
3 of a well-balanced national economy, to make such award or
4 let such contract to a small-business concern.

5 SEC. 13. Whenever materials or supplies are allocated
6 by law, a fair and equitable percentage thereof shall be allo-
7 cated to small plants unable to obtain the necessary materials
8 or supplies from usual sources. Such percentage shall be
9 determined by the head of the lawful allocating authority
10 after giving full consideration to the claims presented by the
11 Administration and after due consideration to the needs of
12 new small-business concerns.

13 SEC. 14. The Administration shall make a report every
14 six months of operations under this Act to the President,
15 the President of the Senate, and the Speaker of the House of
16 Representatives. Such report shall include the names of
17 the business concerns to whom contracts are let and for
18 whom financing is arranged by the Administration, together
19 with the amounts involved, and such report shall include
20 such other information and such comments and recommenda-
21 tions as the Administration may deem appropriate.

22 SEC. 15. The Administration is hereby empowered to
23 make studies of the effect of price, credit, and other controls
24 imposed under war or defense programs and wherever it
25 finds that these controls discriminate against or impose undue

1 hardship upon small business, to make recommendations to
2 the appropriate Federal agency for the adjustment of con-
3 trols to the needs of small business.

4 SEC. 16. The Reconstruction Finance Corporation is
5 authorized to make loans and advances upon the recom-
6 mendation of the Small Business Administration as provided
7 in section 5 (a) of this Act not to exceed an aggregate of
8 \$100,000,000 outstanding at any one time, on such terms
9 and conditions and with such maturities, consistent and in
10 accordance with the applicable restrictions and limitations
11 of the Reconstruction Finance Corporation Act, as amended,
12 as the Reconstruction Finance Corporation may determine.

13 SEC. 17. (a) The President may transfer to the Admin-
14 istration any functions, powers, and duties of any department
15 or agency which relate primarily to small-business problems.
16 In connection with any such transfer, the President may
17 provide for appropriate transfers of records, property, neces-
18 sary personnel, and unexpended balances of appropriations
19 and other funds available to the department or agency from
20 which the transfer is made.

21 (b) The President may also provide for such transfers
22 of records, property, and personnel from the Small Defense
23 Plants Administration, during the period of its liquidation, as
24 he considers appropriate to assist the Small Business Admin-
25 istration in carrying out its functions under this Act.

1 SEC. 18. No loan shall be recommended or equipment,
2 facilities, or services furnished by the Administration under
3 this Act to any business enterprise unless the owners, part-
4 ners, or officers of such business enterprise (1) certify to the
5 Administration the names of any attorneys, agents, or other
6 persons engaged by or on behalf of such business enterprise
7 for the purpose of expediting applications made to the Ad-
8 ministration for assistance of any sort, and the fees paid or to
9 be paid to any such persons, and (2) execute an agreement
10 binding any such business enterprise for a period of two years
11 after any assistance is rendered by the Administration to such
12 business enterprise, to refrain from employing, tendering any
13 office or employment to, or retaining for professional services,
14 any person who, on the date such assistance or any part
15 thereof was rendered, or within one year prior thereto, shall
16 have served as an officer, attorney, agent, or employee of
17 the Administration occupying a position or engaging in activi-
18 ties which the Administration shall have determined involve
19 discretion with respect to the granting of assistance under
20 this Act.

21 SEC. 19. To the fullest extent the Administration deems
22 practicable, it shall make a fair charge for the use of Govern-
23 ment-owned property and make and let contracts on a basis
24 that will result in a recovery of the direct costs incurred by
25 the Administration.

1 SEC. 20. There are hereby authorized to be appropriated
2 such sums as may be necessary and appropriate for the
3 carrying out of the provisions and purposes of this Act.

4 SEC. 21. If any provision of this Act, or the application
5 thereof to any person or circumstances, is held invalid, the
6 remainder of this Act, and the application of such provision
7 to other persons or circumstances, shall not be affected
8 thereby.

A BILL

To create the Small Business Administration
and to preserve small business institutions
and free, competitive enterprise.

By Mr. Hull

MARCH 18, 1953

Referred to the Committee on Banking and Currency

"2. We feel that all VA insurance functions should, and can be, consolidated into three centers. We have also reached a conclusion that a more efficient insurance service would result if death compensation and pension claims were reduced to regional-office level. In this connection, we have noted the comparative workload of the present five district offices.

"3. We recommend a simplified VA insurance policy in lieu of the present expensive, bulky document. This does not mean replacement of present policies, but is a recommendation for the future.

"4. We endorse the proposal to simplify monthly G. I. insurance billing procedure by the substitution of a book of premium remittance envelopes, mailed to the policyholder annually. We urge that sufficient instructions be contained in such mailings to protect veterans' insurance rights. This endorsement is made in full knowledge that individual difficulties might arise, but also in the full knowledge that it is a most practical way of reducing the cost of an expensive VA service.

"5. We endorse the proposal for the VA to conduct an aggressive campaign to persuade G. I. policyholders to convert premium payments from a monthly basis to a quarterly, semiannual, or annual basis. This recommendation contains inherent economy.

"6. We recommend that the VA automatically renew GI term policies upon the expiration of a term period, believing that this action would eliminate additional administration expense following expiration of policies. This recommendation obviously means that veterans must carry out their own obligations toward their insurance contract to avoid expiration. It also means that the VA should notify the veteran prior to the time his insurance reaches the renewal point in order that he might pay the increased premium.

"7. We believe that the separation centers of all branches of the Armed Forces should more extensively indoctrinate potential discharges as to their insurance rights under Public Law 23, bearing in mind the present 120-day eligibility limit for applying for insurance.

"8. We call upon the Congress to enact legislation giving veterans of service since Korea, at least 1 year following the present 120-day limitation, to apply for, and be granted, insurance under Public Law 23."

RUFUS H. WILSON,
National Service Director.
CLARENCE G. ADAMY,

Chairman, AMVETS National Service Council.

JAMES E. ZOCH,
Cochairman AMVETS National Service Council.

Committee members of advisory committee: Reorganization—Clarence Adamy, chairman; Herbert R. Kester; James E. Zoch; George Medeiros; Ralph Rossignuolo. Medical—John Dagenais, chairman; Lester Spear; G. J. Agostinelli; Robert Berner. Veterans' Benefits—Frank Stephens, chairman; John Mulligan; John Ward; John Holden. Insurance—Ray Winterbottom, chairman; Stephen Sikley; Richard McCleary; Anthony Brochmann.

Resolution of City of Pella, Iowa

EXTENSION OF REMARKS OF

HON. PAUL CUNNINGHAM

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1953

Mr. CUNNINGHAM. Mr. Speaker, under leave to extend my remarks I desire to include a resolution adopted by

the City Council of the City of Pella, Iowa:

Be it resolved by the City Council of the City of Pella, Iowa, That because of the flooded conditions existing in the Netherlands, the permissible immigration quota be increased permitting such citizens of Holland in the flooded area to immigrate to the United States, in such numbers as may seem right to Congress.

Passed and adopted this 3d day of March 1953.

T. H. KLEIN, Mayor.

Attest:

F. N. DE WIT, City Clerk.

McCarran-Walter Act

EXTENSION OF REMARKS OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1953

Mr. FINO. Mr. Speaker, I have heretofore expressed my firm opposition to the McCarran-Walter Act, and in line with such objections, I have introduced a bill, H. R. 2710, to repeal this unjust piece of legislation.

Recently, a most pathetic case was brought to my attention—a case which clearly shows how harshly and unreasonably this law is being administered.

The particular case involves a person who has been denied admittance into the United States because the question of moral turpitude is involved.

One of my constituents, an American-born woman, went to Italy last year and married an Italian citizen. While there, she applied for her husband's entry into this country, and since her return has continued to fight to bring him into the United States.

According to the information from the Consulate General at Genoa, it appears that this young man was convicted for theft but because of his extreme poverty and the low value of the articles stolen, and in further view of a previous excellent record, sentence was suspended and the conviction was not mentioned in his record.

However, the Department of State says:

The nonrecording of Mr. D'Agliano's conviction does not remove his disqualification under the moral-turpitude provision of our immigration laws as it is not a reversal of the original court decision. Its effect is merely to cause future documents, such as Police Good Conduct Certificates, which are required for various public purposes, to be used without bearing any reference to the crime in question.

Theft has been held to constitute a crime involving moral turpitude. As the law provides for exclusion from the United States of persons who have been convicted of or who admit having committed a felony or other crime or misdemeanor involving moral turpitude and renders such persons ineligible to receive visas, the responsible consular officer at Genoa had no alternative but to withhold an immigrant visa from Mr. D'Agliano.

The law vests no discretionary authority in the Department to authorize, or in American consular officers to issue, immigrant visas to aliens who have admitted having committed or have been convicted of an offense

involving moral turpitude, even though there may have been extenuating circumstances in connection with the commission of the offense, and the alien's conduct since conviction has been exemplary.

In a speech I delivered in the Bronx Republican Club, which appeared under extension of remarks in the Appendix of the CONGRESSIONAL RECORD on February 6, 1953, I said:

We're all agreed that a foreign-born whose sole purpose or interest in life is crime, racketeering, or immoral activities instead of good citizenship, has no right to enter this country and should be barred.

But, can we say that my constituent's husband falls into this category? Is he a criminal in the true legal sense of the word? Would you say that this one mistake, made by a man tempted by poverty and necessity, shows a pattern of immoral activities? Of course not.

Then why deny such a person the right to join his wife here in this country? Can we rightfully say that our legislators intended such an interpretation of the law? To assume so would be to accuse the Members of the 82d Congress of a conspiracy to commit a travesty on justice.

I am introducing today a private bill to correct this great injustice, although the proper recourse would be to repeal this law and rewrite the type of legislation that is fair and just—the type of legislation that will dispense justice with a heart and human understanding.

Small Business Act of 1953

EXTENSION OF REMARKS OF

HON. WILLIAM S. HILL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1953

Mr. HILL. Mr. Speaker, I appreciate this opportunity of addressing the House on the introduction of my bill called the Small Business Act of 1953. The importance of this bill, I believe, justifies something more than a mere perfunctory introduction.

In the past, the Congress, and particularly the House, has recognized the importance to the Nation of its small-business concerns. This recognition of small business, however, has been expressed in definitive legislation only during times of war or national emergency. Attention to the problems of small business, therefore, has generally been limited to measure seeking for small business a fair and equal participation in war and mobilization programs.

It is time, however, that small business should be viewed, not as a war-borne stepchild, but in its true perspective as the economic backbone of the Nation at all times—in times of war and peace, and in good times and bad.

Small business is with us always. A weak or deteriorating small business threatens the economic well-being of the country, and of all the people, indeed, their very security. A vigorous, healthy small business, however, is the best barometer of and safeguard for the con-

tinued prosperity and security of our Nation.

My bill would establish a permanent, independent, and autonomous agency of the Government with sufficient powers to attain that safeguard. That agency, which is termed the Small Business Administration, would aid, counsel, assist, and protect the interests of all small-business concerns. It would perform these functions and duties in time of war or peace. I am convinced that an enlightened administration of these functions, duties, and powers is the best insurance policy we can buy for a well-balanced economy and the continued prosperity and security of our country.

My bill is designed as permanent legislation to accomplish three basic essentials:

First. To make small-business concerns sound and self-sufficient. Every survey of small business makes abundantly clear that inexperience and inadequate managerial policies and practices are the destructive virus of small business. This bill empowers the Small Business Administration to cure these maladies by furnishing the particular remedy needed—whether it be the need of technical knowhow, or good management principles in such fields as cost accounting, methods of financing, business insurance, production techniques, or fundamentals of purchasing. The bill also provides direct financial help to small-business concerns by loans recommended by the Administration and effected by RFC.

Second. To ensure the participation of small-business enterprises in war or mobilization economies. The Congress is well aware of the contribution made by small businesses during World War II and since Korea. I shudder to think where we would be today had not it been for the countless small enterprises all over the country that came to the fore in time of need. The Congress is also well aware that had it not established the Smaller War Plants Corporation and, more recently, the Small Defense Plants Administration to protect their interests during those chaotic times, many of those small businesses would have gone under in the indifference of the procurement agencies to the vast potential of small business, in their inability to get contracts, subcontracts, materials, or financing, and in the maze of Government redtape. You Members of the House know all this. So well aware of this was this body that 261 of its Members joined in sponsoring the SDPA in 1950. My bill not only continues this function for this and any future emergency, but allows and provides for intelligent and reasoned planning during times of peace so that the past inequities and maladjustments, so disastrous to our small businesses and our Nation, will not be repeated in any future emergency that may confront us.

* Third. To concentrate the responsibility for administering one program to preserve and develop small business in one independent agency of the Government. It is common knowledge that today there are nearly as many distinct small-business programs as there are

agencies and departments of the Government. Many of these programs overlap, some are at cross-purposes one with the other, others are of questionable and doubtful value, and all, in combination, are inefficient, ineffective, and expensive. I am informed, for example, that last year the Department of Defense spent in excess of \$5 million for its small-business program and that all agencies spent some \$25 million. This bill authorizes the President to eliminate this senseless duplication and waste of effort and money by transferring the small-business functions of other agencies and departments to the Small Business Administration, where they rightfully belong and where no conflict of interest will impede their zealous execution.

This is the essence of this bill. Time does not permit a detailed recitation of its features. The problems of small business of today, tomorrow, next week, and next year must be recognized, anticipated, planned for, and resolved. What we need, and we need it now, is intelligent and forthright action. And such action can be accomplished only by an autonomous and permanent agency owing no allegiance to other than legitimate small-business enterprises. With such an agency continuously serving the interests of small business day in and day out, however, I am confident that small business will be strengthened and developed, that free competitive enterprise will remain healthy, and that the economic well-being of the Nation and of all the people, as well as the security of our country, will be maintained.

The Middle Way

EXTENSION OF REMARKS OF

HON. HAROLD C. OSTERTAG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1953

Mr. OSTERTAG. Mr. Speaker, under leave to extend my remarks, I include in the RECORD an editorial from the Buffalo Evening News of March 16, 1953, entitled "A Department of Welfare."

As the editorial writer cogently points out, the Federal Security Agency, which the administration proposes to raise to Cabinet status, embodies many of the most controversial programs into which this Government has entered in the past 20 years. Congress has once rejected departmental status for the FSA, because it distrusted the objectives of those who guided it. Now we have an administration which is committed to the middle way between self-reliance and paternalism—an administration consciously and conscientiously seeking to avoid both "government by bureaucracy and neglect of the helpless." In the hands of administrators who keep their eyes firmly on that objective, a Department of Health, Education and Welfare can serve the Nation well.

The editorial follows:

A DEPARTMENT OF WELFARE

As expected, President Eisenhower has submitted, for his first reorganization plan, a

measure to give official Cabinet status to Mrs. Oveta Culp Hobby as Secretary of a new Department of Health, Education, and Welfare. The plan, to take effect automatically in 60 days if neither House of Congress objects, is deemed certain of approval; in fact, there is a move on Capitol Hill to rush it into effect ahead of time by special legislation.

With minor exceptions, the reorganization plan is the same that President Truman submitted in 1950. Congress rejected it then because of hostility to Oscar R. Ewing, Mrs. Hobby's predecessor as Federal Security Administrator, who would have stepped up into the Cabinet post. Instead of administering the security and welfare programs already adopted, Mr. Ewing had devoted most of his energy to the promotion of compulsory health insurance and other welfare state concepts. With the new administration committed to a middle course in this field—fundamentally seeing the problem more nearly eye-to-eye with Congress—congressional opposition to the idea of giving Cabinet recognition to these welfare functions has evaporated.

The name assigned to the new Department describes its functions to perfection, but it is nevertheless a mouthful that is sure to be shortened in common usage. From "Secretary of Health, Education, and Welfare," Mrs. Hobby's title will probably be shortened, for unofficial purposes, to something like "Welfare Secretary."

If there is anything that the diverse primary functions of the proposed department have in common, it is their newness as major fields of Federal activity—and of left-right controversy. In each of the three areas—health, education, and welfare—there is a continuing tug of war between the promoters of vast new Federal programs and those who denounce them as "socializers" and "pie-in-the-sky demagogues." It is part and parcel of the eternal quest for a tenable balance of personal freedom and economic security. The problem the Eisenhower administration has set for itself is that of charting a sound middle way between the extremes of self-reliance and paternalism.

The President said as much in his state of the Union message. In the area of social rights, he declared, "we see most clearly the new application of old ideas of freedom." His administration, he said, is "profoundly aware of two great needs born of our living in a complex industrial economy. First: The individual citizen must have safeguards against personal disaster inflicted by forces beyond his control. Second: The welfare of the people demands effective and economical performance by the Government of certain indispensable social services. * * * There is a middle way between untrammelled freedom of the individual and the demands for the welfare of the whole Nation. This way must avoid government by bureaucracy as carefully as it avoids neglect of the helpless."

That is the task he has assigned, in the areas of major impact, to Mrs. Hobby. It is a task that certainly merits the dignity and high importance of full Cabinet status.

Taxes and Spending

EXTENSION OF REMARKS OF

HON. ANGIER L. GOODWIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1953

Mr. GOODWIN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from the Malden (Mass.) Evening News of March 5, 1953:

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 2, 1953
For actions of April 1, 1953
83rd-1st, No. 56

CONTENTS

Access Roads.....	32	Grain.....	36	Price supports.....	20
Appropriations.....	7	Health.....	21	Reclamation.....	22
Civil Service.....	6	Inflation.....	9	Reorganization.....	16
Contracts.....	25	Intergovernmental Rela- tions.....	5,17,34	Research.....	3
Dairy industry.....	11	Labor, farm.....	28	Section 32 funds.....	26
Daylight saving time.....	2	Legislative program.....	15	Small business.....	19
Economic Advisers.....	4	Livestock.....	10,27	Submerged lands.....	1,13,24
Education.....	3	Minerals.....	14	Trade, foreign.....	10,39
Electrification.....	31	Nomination.....	6	Treaties.....	33
Expenditures.....	8	Organization.....	35	Water Projects.....	18
Farm credit.....	16	Postal rates.....	23		
Farm program.....	29	Prices, farm.....	10,27		

HIGHLIGHTS: Sen. Taft, for himself and others, and Rep. Halleck introduced and discussed bills for study of intergovernmental relations. Sen. Mundt, for himself and others introduced & discussed bill to strengthen price supports through import controls. Sen. Stennis urged more research and education.

SENATE

1. SUBMERGED LANDS. Began debate on S. J. Res. 13, to establish state title to submerged lands (pp. 2706-19, 2725-31).
2. DAYLIGHT SAVING TIME. The D. C. Committee reported without amendment S. 1419, to permit the D. C. Commissioners to establish daylight saving time in D. C. (S. Rept. 136)(p. 2691).
3. RESEARCH; EDUCATION. Sen. Stennis urged expansion of research and educational activities as "keys to a prosperous agriculture" (pp. 2719-23).
4. ECONOMIC ADVISERS. Sens. Murray and Humphrey urged continuation of the Council of Economic Advisers (pp. 2724-5).
5. INTERGOVERNMENTAL RELATIONS. Sen. Hendrickson spoke in favor of a commission to study relations between the Federal, State, and local governments (pp. 2731-2).
6. NOMINATION of George M. Moore, to be a Civil Service Commissioner, was received (p. 2733).
7. APPROPRIATIONS. Sen. Byrd submitted an amendment which he intends to propose to S. Con. Res. 8, providing for a consolidated general appropriation bill (p. 2701).
8. EXPENDITURES. Sen. Byrd inserted a speech by Comptroller General Warren favoring economy in Government expenditures (pp. 2703-6).
9. INFLATION. Sen. Ives inserted an article by Rev. B. L. Masse reporting the reasons why Sen. Capehart is recommending standby controls (p. 2636).

10. FARM PRICES. Sen. Humphrey inserted a Farmers Union local resolution favoring "full parity" (p. 2689).
Sen. Wiley inserted a Rice Lake Common Council resolution favoring action to maintain farm income (pp. 2690-1).
Sen. Humphrey inserted a Co-op Services, Inc., resolution favoring 100% price supports (p. 2690).
Sen. Langer inserted a Farm Bureau local resolution favoring a prohibition against meat imports as a means of bolstering prices (p. 2690).

11. DAIRY INDUSTRY. Sen. Humphrey inserted a Co-op Services resolution urging purchase of butter instead of oleomargarine for Army and school-lunch use (p. 2690).

12. LEGISLATIVE PROGRAM. Sen. Taft announced: "Probably the proposed tidelands legislation will be followed by consideration of the defense production and controls bill. I hope that bill may be followed by the measure providing statehood for Hawaii. By that time appropriation bills and other measures probably will be pressing on the Senate. So beginning next Tuesday, it is proposed to have the Senate meet every day through Friday in each week." (p. 2732).

HOUSE

13. SUBMERGED LANDS. Passed, 205-108, H. R. 4198, to confirm and establish State titles to submerged lands. (pp. 2734-5).
14. MINERALS. The Interior and Insular Affairs Committee ordered reported (but did not actually report) H. R. 3915, to permit the mining, development, and utilization of mineral resources on all public lands withdrawn or reserved for power development (p. D228).
15. LEGISLATIVE PROGRAM. Rep. Halleck stated that after the Easter recess (Apr. 3-12), the House will consider D. C. bills and the Consent Calendar on Mon., followed by the Mexican farm labor bill, the Private Calendar, and the Interior appropriation bill on Tues. and Wed. (pp. 2735-6).

BILLS INTRODUCED

16. FARM CREDIT; REORGANIZATION. S. 1505 (see Digest 54) would continue FCA in this Department but would make it subject to supervision by a Farm Credit Board.
17. INTERGOVERNMENTAL RELATIONS. S. 1514, by Sen. Taft, and H. R. 4406, by Rep. Halleck, to establish a Commission on Government Functions and Fiscal Resources to Committees on Government Operations (pp. 2691, 2758). Remarks of Sen. Taft (p. 2692).
18. WATER PROJECTS. S. 1522, by Sen. Butler, to exempt from the Federal Power Act certain State and municipal water project works; to Interstate and Foreign Commerce Committee. Remarks of author (p. 2692).
19. SMALL BUSINESS. S. 1523, by Sen. Thye, to create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise; to Banking and Currency Committee. Remarks of author (pp. 2692-3).
20. PRICE SUPPORTS. S. 1538, by Sen. Mundt et al, to amend the Agricultural Act of 1949, as amended, to strengthen American agriculture and reduce the cost of price-support operations through import controls; to Agriculture and Forestry Committee. Remarks of Sen. Mundt (pp. 2697-8).

Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Whereas agricultural income has a definite bearing on the Nation's economy, and agricultural trends are closely watched as barometers; and

Whereas Barron County is basically an agricultural and dairy county, and Rice Lake is part of that county and naturally feels the affects of up and down trends in agricultural income sooner than do industrial sections of the land; and

Whereas farm prices have now dropped 12 percent under the 1952 level, while many things the farmer has to buy have continued to increase in price: Therefore be it

Resolved, That the mayor and common council, duly assembled this 24th day of March, 1953, do feel a concern over the trend in agricultural prices, and therefore respectfully petition Hon. Secretary of Agriculture, Mr. Ezra T. Benson to do everything practical to place all agricultural income on an equal basis with the things the farmer has to buy to maintain his farm operations, so that the family-size farm will survive, and remain prosperous; be it further

Resolved, That a copy of this resolution be sent to the President of these United States, Hon. JOSEPH R. MCCARTHY, Hon. ALEXANDER WILEY, Senators, and Hon. MERLIN HULL, Congressman.

FRANK A. HAVEL,
Mayor.

Attest:

G. M. BAILEY,
City Clerk.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SALTONSTALL, from the Committee on Armed Services:

H. R. 4130. A bill to amend title V of the Department of Defense Appropriation Act, 1953, so as to permit the continued use of appropriations thereunder to make payments to ARO, Inc., for operation of the Arnold Engineering Development Center after March 31, 1953; without amendment (Rept. No. 135).

By Mr. CASE, from the Committee on the District of Columbia:

S. 1419. A bill to permit the Board of Commissioners of the District of Columbia, to establish daylight-saving time in the District; without amendment (Rept. No. 136).

TITLES TO CERTAIN SUBMERGED LANDS—MINORITY VIEWS

Mr. MURRAY (for himself, Mr. ANDERSON, and Mr. JACKSON, members of the Committee on Interior and Insular Affairs) submitted minority views on the joint resolution (S. J. Res. 13) to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and to the natural resources within such lands and waters, and to provide for the use and control of said lands and resources, which were ordered to be printed, as part 2 of Report No. 133.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TAFT:

S. 1513. A bill for the relief of Erno Schischa; to the Committee on the Judiciary.

S. 1514. A bill to establish a Commission on Governmental Functions and Fiscal Resources; to the Committee on Government Operations.

(See the remarks of Mr. TAFT when he introduced the last above-mentioned bill, which appear under a separate heading.)

By Mr. HUNT (for himself, Mr. ANDERSON, Mr. BARRETT, Mr. BENNETT, Mr. CHAVEZ, Mr. CORDON, Mr. JACKSON, Mr. JOHNSON of Colorado, Mr. MAGNUSON, Mr. MANSFIELD, Mr. MORSE, and Mr. MURRAY):

S. 1515. A bill granting the consent of Congress to certain Western States and the Territories of Alaska and Hawaii to enter into a compact relating to higher education in the Western States and establishing the Western Interstate Commission for Higher Education; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. HUNT when he introduced the above bill, which appear under a separate heading.)

By Mr. CARLSON:

S. 1516. A bill for the relief of Akemi Terada; to the Committee on the Judiciary.

By Mr. BUTLER of Maryland:

S. 1517. A bill for the relief of Helen Knight Waters and Arnold Elzey Waters, Jr.; to the Committee on the Judiciary.

By Mr. POTTER:

S. 1518. A bill for the relief of Raymond George Hamway; to the Committee on the Judiciary.

By Mr. LEHMAN:

S. 1519. A bill for the relief of Vladimir Datenko;

S. 1520. A bill for the relief of Andre Styka; and

S. 1521. A bill for the relief of Richard Robert Kabisch; to the Committee on the Judiciary.

By Mr. BUTLER of Nebraska:

S. 1522. A bill to exempt from the Federal Power Act certain State and municipal water project works and for other purposes; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. BUTLER when he introduced the above bill, which appear under a separate heading.)

By Mr. THYE:

S. 1523. A bill to create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise; to the Committee on Banking and Currency.

(See the remarks of Mr. THYE when he introduced the above bill, which appear under a separate heading.)

By Mr. SALTONSTALL (by request):

S. 1524. A bill to authorize the Secretary of the Navy to furnish certain supplies and services to foreign naval vessels on a reimbursable basis, and for other purposes;

S. 1525. A bill to authorize the Secretary of the Navy to convey to the Tarrant County Water Control and Improvement District No. 1 certain parcels of land in exchange for other lands and interests therein at the former United States Marine Corps Air Station, Eagle Mountain Lake, Tex.;

S. 1526. A bill to amend the Army-Navy Medical Services Corps Act of 1947 (61 Stat. 734), as amended, so as to authorize the appointment of a Chief of the Medical Service Corps of the Navy, and for other purposes;

S. 1527. A bill to amend section 40b of the National Defense Act, as amended (41 Stat. 759, 777), to remove the limitation upon the detail of officers on the active list for recruiting service and for duty with ROTC units;

S. 1528. A bill to continue in effect certain appointments as officers and as warrant officers of the Army and of the Air Force;

S. 1529. A bill to amend the act of July 28, 1942 (ch. 528, 56 Stat. 722), relating to posthumous appointments and commissions, and for other purposes; and

S. 1530. A bill to amend the Army-Navy Nurses Act of 1947 to authorize the appointment in the grade of first lieutenant of nurses and medical specialists in the Regular Army and Regular Air Force, and appointment with rank of lieutenant (junior grade) of nurses in the Regular Navy; to the Committee on Armed Services.

(By Mr. SALTONSTALL (for himself and Mr. HUNT) (by request))

S. 1531. A bill to amend the Universal Military Training and Service Act, as amended, so as to provide for special registration, classification, and induction of certain medical, dental, and allied specialist categories, and for other purposes; to the Committee on Armed Services.

(See the remarks of Mr. SALTONSTALL when he introduced the above bills, which appear under a separate heading.)

By Mr. MALONE:

S. 1532. A bill for the relief of certain individuals who were denied receipt of retired pay under title III of the Army and Air Force Vitalization and Retirement Equalization Act of 1948 from the effective date thereof although they were then qualified therefor, and for other purposes; to the Committee on Armed Services.

S. 1533. A bill for the relief of Hilario Camino Moncado;

S. 1534. A bill for the relief of Michael Patrinis;

S. 1535. A bill for the relief of Hilda Tobe;

S. 1536. A bill for the relief of Elpis Eleftheria Moreleis; and

S. 1537. A bill for the relief of Diana Toy Moncado; to the Committee on the Judiciary.

By Mr. MUNDT (for himself, Mr. BARRETT, Mr. BENNETT, Mr. BUTLER of Nebraska, Mr. CASE, Mr. CORDON, Mr. DWORSHAK, Mr. HUNT, Mr. JOHNSON of Colorado, Mr. MCCARRAN, Mr. WATKINS, Mr. WELKER, Mr. YOUNG, and Mr. THYE):

S. 1538. A bill to amend the Agricultural Act of 1949, as amended, to strengthen American agriculture and reduce the cost of price-support operations; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. MUNDT when he introduced the above bill, which appear under a separate heading.)

By Mr. MURRAY:

S. 1539. A bill to stimulate the exploration, production, and conservation of strategic and critical ores, metals, and minerals and for the establishment within the Defense Materials Procurement Agency of a Mine Incentive Payments Division, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HILL (for himself and Mr. SPARKMAN):

S. 1540. A bill to authorize the conveyance to the city of Anniston, Ala., of certain real property within Fort McClellan, Ala.; to the Committee on Armed Services.

By Mr. KEFAUVER:

S. 1541. A bill to require the deferment of action with respect to the transfer of the operating headquarters of the Tennessee Valley Authority from Knoxville, Tenn., to any other place, and for other purposes; to the Committee on Public Works.

(See the remarks of Mr. KEFAUVER when he introduced the above bill, which appear under a separate heading.)

By Mr. AIKEN:

S. 1542. A bill to provide for the health and protection of the citizens of the United States from harmful chemical additives in pesticides; to the Committee on Labor and Public Welfare.

By Mr. JOHNSON of Colorado:

S. 1543. A bill to provide for the settlement of certain parts of Alaska by war veterans; to the Committee on Interior and Insular Affairs.

By Mr. SALTONSTALL (by request):

S. 1544. A bill to repeal the authority to purchase discharge from the Army, the Navy,

the Air Force, and the Marine Corps; to the Committee on Armed Services.

(See the remarks of Mr. SALTONSTALL when he introduced the above bill, which appear under a separate heading.)

By Mr. PAYNE (by request):

S. J. Res. 63. Joint resolution authorizing the District of Columbia to enter into Interstate Civil Defense Compacts; to the Committee on Armed Services.

By Mr. HUMPHREY:

S. J. Res. 64. Joint resolution proposing an amendment to the Constitution of the United States to grant to citizens of the United States who have attained the age of 18 the right to vote; to the Committee on the Judiciary.

(See the remarks of Mr. HUMPHREY when he introduced the above joint resolution, which appear under a separate heading.)

COMMISSION ON GOVERNMENTAL FUNCTIONS AND FISCAL RESOURCES

Mr. TAFT. Mr. President, I introduce for appropriate reference a bill to carry out in general the purpose of the President's message of Monday, to create a commission of 25 members to study State-Federal relationships. The essential purposes of the commission are set forth in the following language in the bill:

SEC. 3. (a) The Commission shall study and investigate all of the present activities in which Federal aid is extended to State and local governments. The Commission shall determine and report whether there is justification for Federal aid in the various fields in which Federal aid is extended; whether there are other fields in which Federal aid should be extended; whether Federal control with respect to these activities should be limited, and, if so, to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature.

Mr. MALONE. Mr. President, will the Senator yield for a question?

Mr. TAFT. I yield to the Senator from Nevada.

Mr. MALONE. Does the study include aid to foreign nations?

Mr. TAFT. No; it has no relation to aid to foreign nations.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1514) to establish a Commission on Governmental Functions and Fiscal Resources, introduced by Mr. TAFT, was received, read twice by its title, and referred to the Committee on Government Operations.

WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

Mr. HUNT. Mr. President, on behalf of myself, the junior Senator from New Mexico [Mr. ANDERSON], my colleague, the junior Senator from Wyoming [Mr. BARRETT], the Senator from Utah [Mr. BENNETT], the senior Senator from New Mexico [Mr. CHAVEZ], the senior Senator from Oregon [Mr. CORDON], the junior Senator from Washington [Mr. JACKSON], the Senator from Colorado [Mr. JOHNSON], the senior Senator from Washington [Mr. MAGNUSON], the junior Senator from Montana [Mr. MANSFIELD],

the junior Senator from Oregon [Mr. MORSE], and the senior Senator from Montana [Mr. MURRAY], I introduce, for appropriate reference, a bill requesting the Congress to grant its consent to the 11 Western States, Hawaii and Alaska, to enter into a compact relating to higher education in the West, and to establish a Western States Commission for Higher Education.

In introducing the bill, may I direct the attention of the Congress to the fact that last year some 20,000 young men in the United States could not enter a school of medicine or dentistry because of the lack of educational facilities.

Other thousands of young men who would like to study medicine or dentistry, understanding that they may never be able to enter a medical or dental school, do not embark upon a course of preparatory study for these professions.

In the Rocky Mountain area, 10 States, with over 10 million people, extending from Canada to Mexico, do not have a single institution of higher learning for the teaching of dentistry.

The bill is designed to make all of the higher educational facilities in the West available to the citizens from any of the 11 Western States, thereby increasing the possibility for higher education on the one hand—and greatly decreasing costs in many States on the other.

The bill provides a number of concrete benefits:

First. States now without training facilities in medicine, dentistry, and veterinarian medicine would be in a position to provide educational opportunities for their youth.

Second. Established schools would receive a welcome financial boost—in that nonresident students' home States will pay their full cost of training and the schools can add the staffs and equipment required to strengthen educational opportunities and facilities to all students.

Third. Qualified students from States without training facilities would be able to secure training in the field of their choice and, upon graduation, can help to strengthen the health-service picture in their home States.

Fourth. The West as a region would benefit by pooling its educational resources and planning the maximum utilization of these resources.

Most of the Western States, through their State legislatures, have created an Interstate Commission on Higher Education and have provided appropriations as follows:

Arizona: For interstate commission administration, \$7,000 1 year; for local administration, \$3,000 1 year; for student contracts \$56,000 1 year.

New Mexico: For interstate commission administration, \$14,000 2 years; for student contracts, \$100,000 2 years.

Oregon: For interstate commission administration, \$14,000 2 years; for student contracts, \$70,000 2 years.

Wyoming: For interstate commission administration, \$10,000 2 years; for medical student contracts, \$100,000 2 years.

In all probability other States have taken such action but I do not have the information available.

It is my hope, Mr. President, that the committee to which the bill will be referred will take prompt action to the end that the proposed legislation may be accomplished at this session of the Congress.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1515) granting the consent of Congress to certain Western States and the Territories of Alaska and Hawaii to enter into a compact relating to higher education in the Western States and establishing the Western Interstate Commission for Higher Education, introduced by Mr. HUNT (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

EXEMPTION FROM FEDERAL POWER ACT OF CERTAIN STATE AND MUNICIPAL WATER PROJECT WORKS

Mr. BUTLER of Nebraska, Mr. President, I introduce for appropriate reference a bill to exempt from the Federal Power Act certain State and municipal water project works, and for other purposes.

The Federal Power Act provides that any construction, except by a Federal agency, of a powerplant, a dam, or a diversion from a navigable stream shall not be undertaken until a license is obtained from the Federal Power Commission. The act requires reports and compliance with certain rules and regulations of the Commission. The act further provides that at the expiration of 50 years from the date of the license the works may be taken by the United States under certain conditions.

The bill would prevent the capture of a powerplant owned by a State, or a State or interstate agency, by the United States, and would exempt them from burdensome duties in administration and reporting. It would exempt them from license requirements generally.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1522) to exempt from the Federal Power Act certain State and municipal water project works, and for other purposes, introduced by Mr. BUTLER of Nebraska, was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

SMALL BUSINESS ADMINISTRATION

Mr. THYE. Mr. President, I introduce for appropriate reference a bill to create a permanent independent small-business agency to be known as the Small Business Administration.

As chairman of the Select Committee on Small Business, I have become convinced that small business needs an agency in Washington to represent its interests in all the phases of Government activity. Our experience with the Small Defense Plants Administration has taught us how effective a small, efficiently organized agency can be in seeing that small business gets serious con-

sideration in the formulation of Government policies.

My bill would create an agency similar in many respects to the Small Defense Plants Administration, but would broaden its scope to include other than strictly defense activities in order to preserve small-business institutions under our free-enterprise system.

I quote the statement of policy incorporated in the bill in outlining its purposes, as follows:

The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation: Such security and well-being cannot be realized unless the actual and potential of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to ensure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1523) to create a Small Business Administration and to preserve small-business institutions and free, competitive enterprise, introduced by Mr. THYE, was received, read twice by its title, and referred to the Committee on Banking and Currency.

ARMED SERVICES LEGISLATION

Mr. SALTONSTALL. Mr. President, by request, I introduce for appropriate reference, eight bills relating to the armed services. One of the bills is introduced by myself, and the Senator from Wyoming [Mr. HUNT].

Each bill is accompanied by a letter of transmittal from the Department of Defense, which explains the purpose of the bill. I ask unanimous consent that the letters in each case be printed in the RECORD immediately following the listing of the bills.

The VICE PRESIDENT. The bills will be received and appropriately referred; and the letters will be printed in the RECORD, as requested by the Senator from Massachusetts.

The bills introduced by Mr. SALTONSTALL, and Mr. SALTONSTALL (for himself and Mr. HUNT), by request, were read twice by their titles, and referred to the Committee on Armed Services, as follows:

S. 1524. A bill to authorize the Secretary of the Navy to furnish certain supplies and services to foreign naval vessels on a reimbursable basis, and for other purposes.

The letter accompanying Senate bill 1524 is as follows:

ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C., January 5, 1953.
Hon. ALBEN W. BARKLEY,
President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation "To authorize the Secretary of the Navy to furnish certain supplies and services to foreign naval vessels on a reimbursable basis, and for other purposes."

This proposal is a part of the Department of Defense legislative program for 1953 and the Bureau of the Budget has advised that there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of Defense recommends that it be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to authorize the Secretary of the Navy, under such regulations as he may prescribe, to furnish foreign naval vessels at United States ports and naval bases the following categories of supplies and services under the conditions prescribed for each category: (1) routine port services such as pilotage, tugs, garbage removal, line handling, and utilities on a reimbursable basis but without an advance of funds either at a local or a departmental level, when comparable services are furnished on a like basis to United States naval vessels at ports and naval bases of the country concerned; (2) miscellaneous supplies such as fuel, provisions, spare parts, and general stores likewise on a reimbursable basis without an advance of funds, but only after an agreement conferring reciprocal rights on the United States and covering reimbursement for the supplies has been negotiated with the country concerned; (3) supplies and services such as overhauling, repairs, and alterations to foreign naval vessels, including the installation of equipment, only after funds covering the estimated cost thereof have been made available to the United States in advance. The bill also provides that payments for the first two categories of supplies and services may be credited to current appropriations so as to be available for the same purposes as the appropriations initially charged.

Under existing law, supplies and services of the sort enumerated in this proposed legislation must be paid for in advance where foreign naval vessels are the recipients. As a general rule, when United States naval vessels visit the ports or naval bases of foreign countries, no such demand for payment in advance is made. The need for the proposed legislation, therefore, is indicated by the fact that the present necessity of obtaining advances of funds from representatives of friendly foreign nations when their vessels visit the United States has been a constant source of embarrassment to United States naval commanders. This legislation would eliminate this source of embarrassment, and by so doing would further the friendly cooperation of naval forces of foreign governments with those of the United States. It should be noted that the proposed legislation would eliminate the requirement for obtaining payment in advance only where necessary to place the United States on a reciprocal basis with the country concerned.

DEPARTMENT OF DEFENSE ACTION AGENCY

The Department of the Navy has been designated as the representative of the Department of Defense for this legislation.

Sincerely yours,

ROGER KENT.

S. 1525. A bill to authorize the Secretary of the Navy to convey to the Tarrant County Water Control and Improvement District No. 1 certain parcels of land in exchange

for other lands and interests therein at the former United States Marine Corps Air Station, Eagle Mountain Lake, Tex.

The letter accompanying Senate bill 1525 is as follows:

ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C., January 5, 1953.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation "to authorize the Secretary of the Navy to convey to the Tarrant County Water Control and Improvement District No. 1 certain parcels of land in exchange for other lands and interests therein at the former United States Marine Corps Air Station, Eagle Mountain Lake, Tex."

This proposal is a part of the Department of Defense legislative program for 1953 and the Bureau of the Budget has advised that there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of Defense recommends that it be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The objective of this proposed legislation is to authorize the Secretary of the Navy to convey to the Tarrant County Water Control and Improvement District No. 1 of Tarrant County, Tex., all right, title, and interest, except navigation easement rights and such other rights in, to, and over said lands as the Secretary of the Navy may deem appropriate, of the United States in and to three parcels of land at the former United States Marine Corps Air Station, Eagle Mountain Lake, Tex. This transfer would be conditioned upon the conveyance to the United States by the water-control district of fee simple title to two described parcels of land located at the former air station, together with perpetual navigation easement rights, acceptable to the Secretary of the Navy, over other lands of the District lying within the flight clearance zone of the east-west runway of the air station. The Secretary of the Navy would be authorized to accept the conveyances to the United States by the water-control district.

Title to the lands comprising the former United States Marine Corps Air Station, Eagle Mountain Lake, Tex., was acquired in 1942 by the filing of a declaration of taking with pending condemnation proceedings. Among the numerous ownerships embraced within the area thus acquired was tract No. 16 which was owned by the Tarrant County Water Control and Improvement District No. 1. This tract is located on the eastern boundary of the station area and contains 453.5 acres, more or less.

DEPARTMENT OF DEFENSE ACTION AGENCY

The Department of the Navy has been designated as the representative of the Department of Defense for this legislation.

Sincerely yours,

ROGER KENT.

S. 1526. A bill to amend the Army-Navy Medical Services Corps Act of 1947 (61 Stat. 734), as amended, so as to authorize the appointment of a Chief of the Medical Service Corps of the Navy, and for other purposes.

The letter accompanying Senate bill 1526 is as follows:

ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C., January 5, 1953.

Hon. ALBEN W. BARKLEY,
President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of proposed legislation "To amend the Army-Navy Medical Services Corps Act of 1947 (61 Stat. 734), as amended, so as

to authorize the appointment of a Chief of the Medical Service Corps of the Navy, and for other purposes."

This proposal is a part of the Department of Defense legislative program for 1953. The Bureau of the Budget has advised that there is no objection to the presentation of this proposed legislation for the consideration of the Congress. The Department of Defense recommends that it be enacted.

PURPOSE OF THE LEGISLATION

This proposed legislation would amend the Army-Navy Medical Services Corps Act of 1947, as amended, so as to authorize the appointment of a Chief of the Medical Service Corps of the Navy and provide for the rank of that officer upon retirement. The proposed legislation would authorize the Secretary of the Navy to appoint, upon the recommendation of the Surgeon General of the Navy, a Chief of the Medical Service Corps from among officers of the active list of that corps of the permanent grade of lieutenant commander or above to serve for a term of not more than 4 years. While so serving the officer would have the rank of captain in the Navy and would receive the pay and allowances prescribed by law for that rank.

The proposed legislation also provides that, in the discretion of the President, an officer who is retired while serving as Chief of the Medical Service Corps or who, having so served 2½ years or more, is subsequently retired while serving in a lower rank, may be retired with the rank held by him while serving as Chief of the Medical Service Corps and with retired pay based on the active-duty pay of that rank.

At the time that the Army-Navy Medical Services Corps Act was enacted authorizing a Chief of the Medical Service Corps of the Army with the rank of colonel, the Department of the Navy was of the opinion that there was no necessity for the creation by statute of a similar billet for the Navy. Experience over the period of more than 3 years since the statute was enacted has shown that such authority is now needed. There are in the Medical Service Corps of the Navy 810 officers, most of them coming from former enlisted status in the Hospital Corps and the others from civil life with degrees in pharmacy and optometry and doctorate degrees in physics, biology, biochemistry, and the related sciences. The problem of administration for such a diversified group of officers has shown a need for a chief of corps who should have the rank of captain and who could assume the responsibility for the proper handling of the administration and personnel problems incident to the efficient functioning of the corps. Although the Army-Navy Medical Services Corps Act provides that 2 percent of the corps may have the rank of captain, no officer of the corps has yet become eligible for promotion to that rank. Further, officers of the corps are constantly working with their counterparts in the Army, many of them hold the rank of colonel, and it is considered essential that at least one officer of the Medical Service Corps of the Navy be of corresponding rank in order to represent properly the corps and the Medical Department of the Navy in the many joint Army, Navy, and Air Force problems which arise.

LEGISLATIVE REFERENCES

This proposed legislation was presented for the consideration of the 82d Congress as part of the Department of Defense legislative program for 1951. It passed the House of Representatives as H. R. 6319 on March 17, 1952.

DEPARTMENT OF DEFENSE ACTION AGENCY

The Department of the Navy has been designated as the representative of the Department of Defense for this legislation.

Sincerely yours,

ROGER KENT.

S. 1527. A bill to amend section 40b of the National Defense Act, as amended (41 Stat. 759, 777), to remove the limitation upon the detail of officers on the active list for recruiting service and for duty with ROTC units.

The letter accompanying Senate bill 1527 is as follows:

OFFICE OF THE SECRETARY OF DEFENSE,
Washington, D. C., January 21, 1953.
Honorable RICHARD M. NIXON,
President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation, "To amend section 40b of the National Defense Act, as amended (41 Stat. 759, 777), to remove the limitation upon the detail of officers on the active list for recruiting service and for duty with ROTC units."

This proposal is a part of the Department of Defense legislative program for 1953. The Bureau of the Budget has advised that there is no objection to the presentation of this proposed legislation for the consideration of the Congress. The Department of Defense recommends that it be enacted.

PURPOSE OF THE LEGISLATION

Section 40b of the National Defense Act (10 U. S. C. 386, 536) authorizes the President to detail Regular Army personnel to ROTC units. It is also provided that in time of peace retired personnel shall not be detailed to ROTC units without their consent, and "no officer on the active list shall be detailed for recruiting service or for duty at a school or college * * * when officers on the retired list can be secured who are competent for such duty." It is the purpose of this proposed legislation to repeal the quoted provision, which prohibits officers on the active list from being detailed for recruiting service and for duty as ROTC instructors when competent officers on the retired list can be secured.

The ROTC program is one of the primary officer procurement programs for both the Regular and Reserve components of the Armed Forces. It is important, therefore, that the officers assigned to such units as instructors be fully qualified in current military weapons and techniques. To meet this requirement, it is necessary that they be procured primarily from officers in the active service.

While the provision which would be repealed by this legislation has been inoperative since the beginning of World War II and has thus caused no problem as yet, it will become operative on or before April 1, 1953, under the provisions of section 1 (b) (2) of the Emergency Powers Continuation Act (66 Stat. 330, 333). This proposal is, therefore submitted to the Congress in accordance with the direction of both the House and Senate Judiciary Committees that separate recommendations for permanent legislation be submitted on those provisions which should be permanently changed.

Such a provision appears to be inconsistent with the principle of flexibility in authority to assign military personnel, including Regular, Reserve, and retired personnel to any military duty, wherever and whenever needed, and for which best qualified. The need for unrestricted authority to assign personnel where needed is greater today than ever before. The latest congressional expression of this principle of flexibility in assignment of personnel may be found in section 237 of the Armed Forces Reserve Act of 1952 (66 Stat. 481, 492) which specifically provides that, notwithstanding any other provision of law, Reserve personnel serving on active duty may be assigned to any duty to which Regular personnel may be assigned. Such duty includes duty with ROTC units.

Aside from these considerations and from a practical standpoint, the time, personnel, and administration required during peacetime to screen the retired list for eligible officers and the correspondence required to obtain their consent is uneconomical in comparison to the number of officers who would be selected for such assignments.

LEGISLATIVE REFERENCES

Section 501 (a) of S. 325 and H. R. 1168, 82d Congress, which were bills to reorganize the personnel involved are paid from the appropriation "Military Personnel, Army," regardless of whether they are retired officers Act in its entirety.

COST AND BUDGET DATA

Enactment of this legislation will cause no apparent increase in budgetary requirements for the Department of Defense as the personnel involved are paid from the appropriation "Military Personnel, Army," regardless of whether they are retired officers or officers in the active military service and utilization of retired personnel will not affect total spaces authorized for these functions.

DEPARTMENT OF DEFENSE ACTION AGENCY

The Department of the Air Force has been designated as the representative of the Department of Defense for this legislation.

Sincerely yours,

ROGER KENT,
Acting Assistant Secretary of Defense.

S. 1528. A bill to continue in effect certain appointments as officers and as warrant officers of the Army and of the Air Force.

The letter accompanying Senate bill 1528 is as follows:

OFFICE OF THE SECRETARY OF DEFENSE,
Washington, D. C., March 26, 1953.
Hon. LEVERETT SALTONSTALL,
Chairman, Committee on Armed Services,
United States Senate.

DEAR MR. CHAIRMAN: There is forwarded herewith a draft of legislation, "To continue in effect certain appointments as officers and as warrant officers of the Army and of the Air Force."

This proposal is a part of the Department of Defense legislative program for 1953 and the Bureau of the Budget has advised that there is no objection to the transmittal of the proposal for the consideration of the Congress. The Department of Defense recommends that it be enacted by the Congress.

PURPOSE OF THE LEGISLATION

During World War II the appointments of certain officers in the Army, which at the time included the Air Force, were for a limited period of time. The duration of these appointments was for 5 years or for the period of World War II and for 6 months thereafter. The appointments of many other officers were not limited in this manner. For example, appointments in the Regular Army, Navy, and Marine Corps, in addition to the appointments in the Naval Reserve and in the National Guard of the United States, were all made without any limitations as to the term of those appointments.

Under existing law, a large number of appointments as commissioned officers and as warrant officers which were continued in effect by section 1 (c) of the Emergency Powers Continuation Act will terminate on April 2, 1953, and others will thereafter terminate on a day-by-day basis upon the expiration of the 5-year term specified in the appointment concerned. The proposed bill is necessary to prevent the creation of a gap in service for those persons who hold existing appointments and who are in a status of missing, missing in action, interned, captured, beleaguered, or besieged. If these appointments are allowed to expire, the persons concerned will become civilians, and although the Missing Persons Act is effective

83^D CONGRESS
1ST SESSION

S. 1523

IN THE SENATE OF THE UNITED STATES

APRIL 1, 1953

Mr. THYE introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To create the Small Business Administration and to preserve small business institutions and free competitive enterprise.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Small Business Act
4 of 1953".

5 SEC. 2. The essence of the American economic system
6 of private enterprise is free competition. Only through full
7 and free competition can free markets, free entry into busi-
8 ness, and opportunities for the expression and growth of
9 personal initiative and individual judgment be assured. The
10 preservation and expansion of such competition is basic not
11 only to the economic well-being but to the security of this

1 Nation. Such security and well-being cannot be realized
2 unless the actual and potential of small business is en-
3 couraged and developed. It is the declared policy of the
4 Congress that the Government should aid, counsel, assist,
5 and protect insofar as is possible the interests of small-
6 business concerns in order to preserve free competitive en-
7 terprise, to ensure that a fair proportion of the total pur-
8 chases and contracts for supplies and services for the Gov-
9 ernment be placed with small-business enterprises, and to
10 maintain and strengthen the overall economy of the Nation.

11 SEC. 3. For the purposes of this Act, a small-business
12 concern shall be deemed to be one which is independently
13 owned and operated and which is not dominant in its field
14 of operation. The Administration, in making a detailed def-
15 inition, may use these criteria among others: Independency
16 of ownership and operation, number of employees, dollar
17 volume of business, and nondominance in its field.

18 SEC. 4. (a) In order to carry out the policy of this
19 Act there is hereby established an independent agency under
20 the name Small Business Administration (hereinafter re-
21 ferred to as the "Administration"), which shall be under
22 the general direction and supervision of the President. The
23 principal office of the Administration shall be located in the
24 District of Columbia, but the Administration may establish
25 such branch offices in other places in the United States as it

1 may determine to be necessary. The Administration shall
2 have power to adopt, alter, and use a seal which shall be
3 judicially noticed.

4 (b) The Administration is authorized to obtain money
5 from the Treasury of the United States for use in the per-
6 formance of the powers and duties conferred upon it by law,
7 but not to exceed a total of \$150,000,000 outstanding at any
8 one time. For this purpose appropriations not to exceed
9 \$150,000,000 are authorized to be made to a revolving fund
10 in the Treasury. Advances shall be made to the Admin-
11 istration from the revolving fund when requested by the
12 Administration. Such fund shall be used for the purposes
13 enumerated in sections 7 (a), (b), and (c) of this Act. Not
14 to exceed an aggregate of \$100,000,000 shall be outstand-
15 ing at any one time for the purposes enumerated in section
16 7 (a). Not to exceed an aggregate of \$50,000,000 shall be
17 outstanding at any one time for the purposes enumerated in
18 sections 7 (b) and (c). Reimbursements made to the Ad-
19 ministration under these operations shall revert to the re-
20 volving fund for use for the same purposes.

21 (c) All moneys of the Administration not otherwise
22 employed may be deposited with the Treasurer of the United
23 States, subject to check by authority of the Administration,
24 or in any Federal Reserve bank. The Federal Reserve banks
25 are authorized and directed to act as depositaries, custodians,

1 and fiscal agents for the Administration in the general per-
2 formance of its powers conferred by this Act. Any insured
3 banks, when designated by the Secretary of the Treasury,
4 shall act as custodians and financial agents for the
5 Administration.

6 SEC. 5. (a) The management of the Administration
7 shall be vested in an Administrator who shall be appointed
8 from civilian life by the President, by and with the advice
9 and consent of the Senate, and who shall be a person of out-
10 standing qualifications known to be familiar and sympathetic
11 with small-business needs and problems. The Administrator
12 shall receive compensation at the rate of \$17,500 per annum.
13 The Administrator shall not engage in any other business,
14 vocation, or employment than that of serving as Adminis-
15 trator. The Administrator is authorized to appoint three
16 Deputy Administrators to assist in the execution of the func-
17 tions vested in the Administration. Deputy Administrators
18 shall be paid at the rate of \$15,000 per annum.

19 (b) The Administrator is authorized, subject to the
20 civil-service laws and the Classification Act of 1949, as
21 amended, to select, employ, appoint, and fix the compen-
22 sation of such officers, employees, attorneys, and agents as
23 shall be necessary to carry out the provisions of this Act; to
24 define their authority and duties, require bonds of them, and
25 fix the penalties thereof. The Administration, with the con-

1 sent of any board, commission, independent establishment,
2 or executive department of the Government, may avail itself
3 of the use of information, services, facilities (including any
4 field service thereof), and officers and employees thereof, in
5 carrying out the provisions of this Act.

6 (c) To such extent as he finds necessary to carry out
7 the provisions of this Act, the Administrator is hereby
8 authorized to procure the temporary (not in excess of one
9 year) or intermittent service of experts or consultants or
10 organizations thereof, including stenographic reporting serv-
11 ices, by contract or appointment, and in such cases such
12 service shall be without regard to the civil-service laws and
13 the Classification Act of 1949, as amended, and, except in
14 the case of stenographic reporting services by organizations,
15 without regard to section 3709, Revised Statutes, as amended
16 (41 U. S. C. 5).

17 SEC. 6. In the performance of, and with respect to, the
18 functions, powers, and duties vested in him by this Act, the
19 Administrator, notwithstanding the provisions of any other
20 law, may—

21 (a) sue and be sued in any court of record of a State
22 having general jurisdiction, or in any United States dis-
23 trict court, and jurisdiction is conferred upon such dis-
24 trict court to determine such controversies without regard
25 to the amount in controversy: *Provided*, That no attach-

1 ment, injunction, garnishment, or other similar process,
2 mesne or final, shall be issued against the Administrator
3 or his property;

4 (b) under regulations prescribed by him, assign or
5 sell at public or private sale, or otherwise dispose of for
6 cash or credit, in his discretion and upon such terms and
7 conditions and for such consideration as he shall deter-
8 mine to be reasonable, any evidence of debt, contract,
9 claim, personal property, or security assigned to or held
10 by him in connection with the payment of loans hereto-
11 fore or hereafter granted under this Act, and to collect
12 or compromise all obligations assigned to or held by him
13 and all legal or equitable rights accruing to him in con-
14 nection with the payment of such loans until such time
15 as such obligations may be referred to the Attorney
16 General for suit or collection;

17 (c) deal with, complete, renovate, improve, mod-
18 ernize, insure, rent, or sell for cash or credit, upon such
19 terms and conditions and for such consideration as he
20 shall determine to be reasonable, any real property con-
21 veyed to or otherwise acquired by him in connection
22 with the payment of loans granted under this Act;

23 (d) pursue to final collection, by way of com-
24 promise or otherwise, all claims against third parties
25 assigned to him in connection with loans made by him

under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Administrator pursuant to the provisions of this Act, may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(e) maintain an integral set of accounts with respect to activities performed pursuant to section 7 (a), (b), and (c) of this Act which shall be audited an-

1 nually by the General Accounting Office in accordance
2 with the principles and procedures applicable to com-
3 mercial transactions as provided by the Government
4 Corporation Control Act, as amended: *Provided*, That
5 financial transactions of the Administrator, including the
6 settlement of actions arising under section 7 (a), (b),
7 and (c) and transactions related thereto and vouchers
8 approved by the Administrator in connection with such
9 financial transactions, shall be final and conclusive upon
10 all officers of the Government;

11 (f) acquire, in any lawful manner, any property
12 (real, personal, or mixed, tangible or intangible) when-
13 ever deemed necessary or appropriate to the conduct of
14 the activities authorized in section 7 (a) of this Act;
15 and

16 (g) in addition to any powers, functions, privi-
17 leges, and immunities otherwise vested in him, take any
18 and all actions determined by him to be necessary or
19 desirable in making, servicing, compromising, modify-
20 ing, liquidating, or otherwise dealing with or realizing
21 on loans or advances made under the provisions of this
22 Act.

23 SEC. 7. The Administration is empowered—

24 (a) to make loans or advances, in accordance with
25 general policies prescribed by a Small Business Loan

1 Policy Board to be composed of the Secretaries of
2 Treasury and Commerce and the Administrator, to en-
3 able small-business concerns to finance plant construc-
4 tion, conversion, or expansion, including the acquisition
5 of land; or to finance the acquisition of equipment, facili-
6 ties, machinery, supplies, or materials; or to finance re-
7 search, development, and experimental work on new or
8 improved products or processes; or to supply such con-
9 cerns with working capital to be used in the manufacture
10 of articles, equipment, supplies, or materials for war,
11 defense, or essential civilian production, or as may be
12 necessary to ensure a well-balanced national economy.
13 Such loans or advances may be made or effected either
14 directly or in cooperation with banks or other lending
15 institutions through agreements to participate, or by the
16 purchase of participations. In the making of such loans
17 or advances the following restrictions and limitations
18 shall be applicable:

19 (1) no financial assistance shall be extended
20 pursuant to (a) above unless the financial assistance
21 applied for is not otherwise available on reasonable
22 terms and all loans made shall be of such sound
23 value or so secured as reasonably to assure repay-
24 ment;

1 (2) no loan shall be granted under this Act if
2 the total amount outstanding to the borrower from
3 the revolving fund established by this Act would
4 exceed \$100,000, and no loan, including renewals
5 or extensions thereof, may be made for a period or
6 periods exceeding ten years; except that any loan
7 made for the purpose of constructing industrial facili-
8 ties may have a maturity of ten years plus such addi-
9 tional period as is estimated may be required to com-
10 plete such construction;

11 (3) in agreements to participate in loans,
12 wherein the Administration's disbursements are de-
13 ferred, such participations by the Administration
14 shall be limited to 70 per centum of the balance
15 of the loan outstanding at the time of disbursement
16 in any case where the total amount borrowed is
17 \$100,000 or less, and to 60 per centum of the bal-
18 ance outstanding at the time of disbursement in any
19 case where the total amount borrowed is over
20 \$100,000;

21 (b) to enter into contracts with the United States
22 Government and any department, agency, or officer
23 thereof having procurement powers, obligating the Ad-
24 ministration to furnish articles, equipment, supplies, or
25 materials to the Government;

1 (c) to arrange for the performance of such con-
2 tracts by negotiating or otherwise letting subcontracts
3 to small-business concerns or others for the manufacture,
4 supply, or assembly of such articles, equipment, supplies,
5 or materials, or parts thereof, or servicing or processing
6 in connection therewith, or for such management serv-
7 ices as may be necessary to enable the Administration
8 to perform such contracts; and

9 (d) to provide technical and managerial aids to
10 small-business concerns by advising and counseling on
11 matters in connection with Government procurement,
12 and on policies, principles, and practices of good man-
13 agement (including but not limited to cost accounting,
14 methods of financing, business insurance, accident con-
15 trol, wage incentives and methods engineering) ; by
16 cooperating and advising with voluntary business, pro-
17 fessional, educational and other nonprofit organizations,
18 associations, and institutions and with other Federal and
19 State agencies; by maintaining a clearinghouse for in-
20 formation concerning the managing, financing, and
21 operating of small-business enterprises; and by dissem-
22 inating such information and by engaging in such
23 other activities as are deemed appropriate by the
24 Administration.

25 SEC. 8. The Reconstruction Finance Corporation shall

1 transmit requests for loans from small businesses received
2 by it after the date of enactment of this Act to the Admin-
3 istration for its consideration and possible action.

4 SEC. 9. In any case in which the Administration certi-
5 fies to any officer of the Government having procurement
6 powers that the Administration is competent to perform
7 any specific Government procurement contract to be let by
8 any such officers, such officer shall be authorized to let such
9 procurement contract to the Administration upon such terms
10 and conditions as may be agreed upon between the Ad-
11 ministration and the procurement officer.

12 SEC. 10. It shall be the duty of the Administration and
13 it is hereby empowered, whenever it determines such action
14 is necessary—

15 (a) to make a complete inventory of all the produc-
16 tive facilities of small-business concerns which can be
17 used for war, defense, or essential civilian production,
18 or to arrange for such inventory to be made by any
19 other governmental agency which has the facilities.
20 In making any such inventory, the appropriate agencies
21 in the several States shall be requested to furnish an
22 inventory of the productive facilities of small-business
23 concerns in each such State if such an inventory is
24 available or in prospect; and

1 (b) to coordinate and to ascertain the means by
2 which the productive capacity of small-business concerns
3 can be most effectively utilized for war, defense or
4 essential civilian production.

5 SEC. 11. It shall be the duty of the Administration and
6 it is hereby empowered to consult and cooperate with gov-
7 ernmental departments and agencies in the issuance of
8 orders or in the formulation of policy or policies substan-
9 tially affecting small-business concerns. All such govern-
10 mental departments or agencies are required, before issuing
11 such orders or announcing such policy or policies, to consult
12 and cooperate with the Administration in order that the
13 interests of small-business enterprises may be recognized,
14 protected, and preserved.

15 SEC. 12. The Administration shall have power, and it is
16 hereby directed, whenever it determines such action is
17 necessary—

18 (a) to consult and cooperate with officers of the
19 Government having procurement powers, in order to
20 utilize the potential productive capacity of plants oper-
21 ated by small-business concerns;

22 (b) to obtain information as to methods and prac-
23 tices which Government prime contractors utilize in let-
24 ting subcontracts and to take action to encourage the

1 letting of subcontracts by prime contractors to small-
2 business concerns at prices and on conditions and terms
3 which are fair and equitable;

4 (c) to determine within any industry the con-
5 cerns, firms, persons, corporations, partnerships, co-
6 operatives, or other business enterprises, which are to
7 be designated "small-business concerns" for the purpose
8 of effectuating the provisions of this Act;

9 (d) to certify to Government procurement officers
10 with respect to the competency, as to capacity and credit,
11 of any small-business concern or group of such concerns
12 to perform a specific Government procurement contract;

13 (e) to obtain from any Federal department, estab-
14 lishment, or agency engaged in procurement or in the
15 financing of procurement or production such reports con-
16 cerning the letting of contracts and subcontracts and mak-
17 ing of loans to business concerns as it may deem pertinent
18 in carrying out its functions under this Act;

19 (f) to obtain from suppliers of materials informa-
20 tion pertaining to the method of filling orders and the
21 bases for allocating their supply, whenever it appears
22 that any small business is unable to obtain materials from
23 its normal sources for war or defense production or for
24 essential or such other civilian production as is neces-
25 sary to maintain a well-balanced national economy;

1 (g) to make studies and recommendations to the
2 appropriate Federal agencies to insure a fair and equita-
3 ble share of materials, supplies, and equipment to small-
4 business concerns to effectuate war or defense pro-
5 grams, for essential civilian purposes, or for any other
6 purpose deemed essential to a well-balanced national
7 economy;

8 (h) to consult and cooperate with all Government
9 agencies for the purpose of insuring that small-business
10 concerns shall receive fair and reasonable treatment from
11 such agencies; and

12 (i) to establish such advisory boards and com-
13 mittees wholly representative of small business as may
14 be found necessary to achieve the purposes of this Act.

15 SEC. 13. In any case in which a small-business concern
16 or group of such concerns has been certified by or under the
17 authority of the Administration to be a competent Govern-
18 ment contractor with respect to capacity and credit as to a
19 specific Government procurement contract, the officers of
20 the Government having procurement powers are directed to
21 accept such certification as conclusive, and are authorized to
22 let such Government procurement contract to such concern
23 or group of concerns without requiring it to meet any other
24 requirement with respect to capacity and credit.

25 SEC. 14. To effectuate the purposes of this Act, small-

1 business concerns within the meaning of this Act shall re-
2 ceive any award or contract or any part thereof as to which
3 it is determined by the Administration and the contracting
4 procurement agencies (1) to be in the interest of mobilizing
5 the Nation's full productive capacity, (2) to be in the
6 interest of war or national defense programs, or (3) to be
7 in the interest of a well-balanced national economy, to make
8 such award or let such contract to a small-business concern.

9 SEC. 15. (a) Whoever makes any statement knowing
10 it to be false, or whoever willfully overvalues any security,
11 for the purpose of obtaining for himself or for any applicant
12 any loan, or extension thereof by renewal, deferment of
13 action, or otherwise, or the acceptance, release, or substitu-
14 tion of security therefor, or for the purpose of influencing in
15 any way the action of the Administration, or for the purpose
16 of obtaining money, property, or anything of value, under
17 this Act, shall be punished by a fine of not more than \$5,000
18 or by imprisonment for not more than two years, or both.

19 (b) Whoever, being connected in any capacity with
20 the Administration (A) embezzles, abstracts, purloins, or
21 willfully misapplies any moneys, funds, securities, or other
22 things of value, whether belonging to it or pledged or other-
23 wise entrusted to it; or (B) with intent to defraud the
24 Administration or any other body politic or corporate, or

1 any individual, or to deceive any officer, auditor, or ex-
2 aminer of the Administration makes any false entry in any
3 book, report, or statement of or to the Administration, or,
4 without being duly authorized, draws any order or issues,
5 puts forth, or assigns any note, debenture, bond, or other
6 obligation, or draft, bill of exchange, mortgage, judgment,
7 or decree thereof; or (C) with intent to defraud participates,
8 shares, receives directly or indirectly any money, profit,
9 property, or benefit through any transaction, loan, commis-
10 sion, contract, or any other act of the Administration; or
11 (D) gives any unauthorized information concerning any
12 future action or plan of the Administration which might
13 affect the value of securities, or, having such knowledge,
14 invests or speculates, directly or indirectly, in the securities
15 or property of any company or corporation receiving loans
16 or other assistance from the Administration shall be punished
17 by a fine of not more than \$10,000 or by imprisonment for
18 not more than five years, or both.

19 SEC. 16. The Administration shall make a report every
20 six months of operations under this Act to the President, the
21 President of the Senate, and the Speaker of the House of
22 Representatives. Such report shall include the names of the
23 business concerns to whom contracts are let and for whom
24 financing is arranged by the Administration, together with

1 the amounts involved, and such report shall include such
2 other information and such comments and recommendations
3 as the Administration may deem appropriate.

4 SEC. 17. The Administration is hereby empowered to
5 make studies of the effect of price, credit, and other controls
6 imposed under war or defense programs and wherever it
7 finds that such controls discriminate against or impose undue
8 hardship upon small business, to make recommendations to
9 the appropriate Federal agency for the adjustment of con-
10 trols to the needs of small business.

11 SEC. 18. (a) The President may transfer to the Admin-
12 istration any functions, powers, and duties of any department
13 or agency which relate primarily to small-business problems.
14 In connection with any such transfer, the President may
15 provide for appropriate transfers of records, property, neces-
16 sary personnel, and unexpended balances of appropriations
17 and other funds available to the department or agency from
18 which the transfer is made.

19 (b) The President may also provide for such transfers
20 of records, property, and personnel from the Small Defense
21 Plants Administration, during the period of its liquidation,
22 as he considers appropriate to assist the Small Business Ad-
23 ministration in carrying out its functions under this Act.

24 SEC. 19. No loan shall be recommended, and no equip-

ment, facilities, or services shall be furnished by the Administration under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this Act.

SEC. 20. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property, and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

1 SEC. 21. There are hereby authorized to be appropriated
2 such sums as may be necessary and appropriate for the carry-
3 ing out of the provisions and purposes of this Act.

4 SEC. 22. Section 714 (a) (4) of the Defense Produc-
5 tion Act of 1950, as amended, is amended by striking out
6 “beyond June 30, 1953”, and inserting in lieu thereof
7 “beyond thirty days after the date of enactment of the Small
8 Business Act of 1953”.

9 SEC. 23. If any provision of this Act, or the applica-
10 tion thereof to any person or circumstances, is held invalid,
11 the remainder of this Act, and the application of such pro-
12 vision to other persons or circumstances, shall not be affected
13 thereby.

A BILL

To create the Small Business Administration
and to preserve small business institutions
and free competitive enterprise.

By Mr. THYE

APRIL 1, 1953

Read twice and referred to the Committee on
Banking and Currency

83D CONGRESS
1ST SESSION

H. R. 5141

IN THE HOUSE OF REPRESENTATIVES

MAY 12, 1953

Mr. HILL introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To create the Small Business Administration and to preserve small business institutions and free, competitive enterprise.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Small Business Act of
4 1953".

5 SEC. 2. (a) Believing that a well-balanced economy is a
6 cardinal prerequisite to the continued prosperity and security
7 of the United States, and recognizing that the essence of the
8 American economic system of private enterprise is free com-
9 petition; that only through full and free competition can free
10 markets, free entry into business, and opportunities for the
11 expression and growth of personal initiative and individual

1 judgment be assured; that the preservation and expansion
2 of such competition is basic not only to the economic well-
3 being but to the security of this Nation; and that the en-
4 couragement and development of the actual and potential of
5 small business is vital to the existence of healthy competition,
6 is necessary to the economic stability of all the people, and
7 is indispensable to the security of the United States, it is
8 the declared policy of the Congress that the establishment of
9 a permanent independent agency of the Government to
10 aid, counsel, assist, and protect the interests of small-business
11 concerns is essential to preserve free competitive enterprise,
12 to ensure that a fair proportion of the total purchases and
13 contracts for supplies and services for the Government is
14 placed with small-business enterprises, and to maintain and
15 strengthen the overall economy of small business, of the
16 Nation, and of all its people. In order to carry out this
17 policy there is hereby created an agency under the name
18 "Small Business Administration" (hereinafter referred to as
19 the Administration), which Administration shall be under
20 the general direction and supervision of the President and
21 shall not be affiliated with or be within any other agency
22 or department of the Federal Government. The principal
23 office of the Administration shall be located in the District of
24 Columbia, but the Administration may establish such branch

1 offices in other places in the United States as may be de-
2 termined by the Administrator of the Administration. For
3 purposes of this Act, a small-business concern shall be deemed
4 to be one which is independently owned and operated and
5 which is not dominant in its field of operation. The Admin-
6 istration, in making a detailed definition, may use these
7 criteria, among others: independency of ownership and
8 operation, number of employees, dollar volume of business,
9 and nondominance in its field.

10 (b) The Administration is authorized to obtain money
11 from the Treasury of the United States for use in the per-
12 formance of the powers and duties granted to or imposed
13 upon it by law, not to exceed a total of \$500,000,000 out-
14 standing at any one time. For this purpose appropriations
15 not to exceed \$500,000,000 are hereby authorized to be
16 made to a revolving fund in the Treasury. Advances shall
17 be made to the Administration from the revolving fund when
18 requested by the Administration. This revolving fund shall
19 be used for the purposes enumerated subsequently in section
20 5 (a), (b), and (c). Not to exceed an aggregate of
21 \$400,000,000 shall be outstanding at any one time for the
22 purposes enumerated in section 5 (a). Not to exceed an
23 aggregate of \$100,000,000 shall be outstanding at any one
24 time for the purposes enumerated in section 5 (b) and (c).

1 Reimbursements made to the Administration under these
2 operations shall revert to the revolving fund for use for the
3 same purposes.

4 (c) The management of the Administration shall be
5 vested in an Administrator who shall be appointed from
6 civilian life by the President, by and with the consent of the
7 Senate, and who shall be a person of outstanding qualifica-
8 tions known to be familiar and sympathetic with small-busi-
9 ness needs and problems. The Administrator shall receive
10 compensation at the rate of \$17,500 per annum. The
11 Administrator shall not engage in any other business, voca-
12 tion, or employment than that of serving as Administrator.
13 The Administrator is authorized to appoint three deputy
14 administrators to assist in the execution of the functions
15 vested in the Administration. Deputy administrators shall
16 be paid at the rate of \$15,000 per annum.

17 SEC. 3. (a) The Administration shall have power to
18 adopt, alter, and use a seal, which shall be judicially noticed.
19 The Administrator is authorized, subject to the civil service
20 and classification laws, to select, employ, appoint, and fix
21 the compensation of such officers, employees, attorneys, and
22 agents as shall be necessary to carry out the provisions of
23 this Act; to define their authority and duties, require bonds
24 of them, and fix the penalties thereof. The Administration,
25 with the consent of any board, commission, independent

1 establishment, or executive department of the Government,
2 may avail itself of the use of information, services, facilities,
3 including any field service thereof, officers, and employees
4 thereof, in carrying out the provisions of this Act.

5 (b) In the performance of, and with respect to, the
6 functions, powers, and duties vested in him by this Act,
7 the Administrator, notwithstanding the provisions of any
8 other law, may—

9 (1) sue and be sued in any court of record of a
10 State having general jurisdiction, or in any United
11 States district court, and jurisdiction is conferred upon
12 such district court to determine such controversies with-
13 out regard to the amount in controversy: *Provided,*
14 That no attachment, injunction, garnishment, or other
15 similar process, mesne or final, shall be issued against
16 the Administrator or his property;

17 (2) under regulations prescribed by him, assign or
18 sell at public or private sale, or otherwise dispose of
19 for cash or credit, in his discretion and upon such terms
20 and conditions and for such consideration as the Admin-
21 istrator shall determine to be reasonable, any evidence
22 of debt, contract, claim, personal property, or security
23 assigned to or held by him in connection with the pay-
24 ment of loans heretofore or hereafter granted under this
25 Act, and to collect or compromise all obligations assigned

1 to or held by him and all legal or equitable rights
2 accruing to him in connection with the payment of such
3 loans until such time as such obligation may be referred
4 to the Attorney General for suit or collection;

5 (3) deal with, complete, renovate, improve,
6 modernize, insure, or rent, or sell for cash or credit
7 upon such terms and conditions and for such considera-
8 tion as the Administrator shall determine to be reason-
9 able, any real property conveyed to or otherwise
10 acquired by him in connection with the payment of
11 loans granted under this Act;

12 (4) pursue to final collection, by way of com-
13 promise or otherwise, all claims against third parties
14 assigned to the Administrator in connection with loans
15 made by him. This shall include authority to obtain
16 deficiency judgments or otherwise in the case of mort-
17 gages assigned to the Administrator. Section 3709 of
18 the Revised Statutes, as amended (41 U. S. C. 5), shall
19 not be construed to apply to any contract of hazard
20 insurance or to any purchase or contract for services or
21 supplies on account of property obtained by the Admin-
22 istrator as a result of loans made under this Act if the
23 premium therefor or the amount thereof does not exceed
24 \$1,000. The power to convey and to execute in the
25 name of the Administrator deeds of conveyance, deeds

of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Administrator pursuant to the provisions of this Act may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(5) maintain an integral set of accounts with respect to activities performed pursuant to sections 5 (a), (b), and (c) of this Act which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended: *Provided*, That financial transactions of the Administrator, including the settlement of actions arising under sections 5 (a), (b), and (c) and transactions related thereto and vouchers approved by the Administrator in connection with such financial transactions, shall be final and conclusive upon all officers of the Government;

(6) acquire, in any lawful manner, any property

1 (real, personal, or mixed, tangible or intangible), when-
2 ever deemed necessary or appropriate to the conduct of
3 the activities authorized in section 5 (a) of this Act;
4 and

5 (7) in addition to any powers, functions, privileges,
6 and immunities otherwise vested in him, take any and
7 all actions determined by him to be necessary or desir-
8 able in making, servicing, compromising, modifying,
9 liquidating, or otherwise dealing with or realizing on
10 loans or advances made under the provisions of this Act.

11 (c) To such extent as he finds necessary to carry out
12 the provisions of this Act, the Administrator is hereby
13 authorized to procure the temporary (not in excess of one
14 year) or intermittent service of experts or consultants or
15 organizations thereof, including stenographic reporting serv-
16 ices, by contract or appointment, and in such cases such
17 service shall be without regard to the civil service and
18 classification laws, and, except in the case of stenographic
19 reporting services by organizations, without regard to section
20 3709, Revised Statutes, as amended (41 U. S. C. 5).

21 SEC. 4. All moneys of the Administration not otherwise
22 employed may be deposited with the Treasurer of the United
23 States subject to check by authority of the Administration or
24 in any Federal Reserve bank. The Federal Reserve banks
25 are authorized and directed to act as depositaries, custodians,

1 and fiscal agents for the Administration in the general per-
2 formance of its powers conferred by this Act. Any insured
3 banks when designated by the Secretary of the Treasury,
4 shall act as custodians, and financial agents for the Admin-
5 istration.

6 SEC. 5. The Administration is empowered—

7 (a) to make loans or advances in accordance with
8 general policies established by a Small Business Loan
9 Policy Board made up of the Secretaries of Treasury and
10 Commerce and the Administrator, to enable small busi-
11 ness concerns to finance plant construction, conversion,
12 or expansion, including the acquisition of land; or to
13 finance the acquisition of equipment, facilities, ma-
14 chinery, supplies, or materials; or to finance research,
15 development, and experimental work on new or im-
16 proved products or processes; or to supply such con-
17 cerns with working capital to be used in the manufac-
18 ture of articles, equipment, supplies, or materials for
19 war, defense or essential civilian production or as may
20 be necessary to ensure a well-balanced national economy;
21 and such loans or advances may be made or effected
22 either directly or in cooperation with banks or other
23 lending institutions through agreements to participate,
24 or by the purchase of participations: *Provided, however,*

1 That the foregoing powers shall be subject to the fol-
2 lowing restrictions and limitations:

3 (i) No financial assistance shall be extended
4 pursuant to (a) above unless the financial assist-
5 ance applied for is not otherwise available on reason-
6 able terms and all loans made shall be of such
7 sound value or so secured as reasonably to assure
8 repayment;

9 (b) to enter into contracts with the United States
10 Government and any department, agency, or officer
11 thereof having procurement powers obligating the Ad-
12 ministration to furnish articles, equipment, supplies, or
13 materials to the Government;

14 (c) to arrange for the performance of such con-
15 tracts by negotiating or otherwise letting subcontracts to
16 small business concerns or others for the manufacture,
17 supply, or assembly of such articles, equipment, sup-
18 plies, or materials, or parts thereof, or servicing or proc-
19 essing in connection therewith, or such management
20 services as may be necessary to enable the Administra-
21 tion to perform such contracts; and

22 (d) to provide technical and managerial aids to
23 small-business concerns, by advising and counseling on
24 matters in connection with Government procurement and
25 on policies, principles and practices of good management

1 including but not limited to cost accounting, methods of
2 financing, business insurance, accident control, wage in-
3 centives and methods engineering, by cooperating and ad-
4 vising with voluntary business, professional, educational
5 and other nonprofit organizations, associations, and in-
6 stitutions and with other Federal and State agencies, by
7 maintaining a clearinghouse for information concerning
8 the managing, financing and operation of small-business
9 enterprises, by disseminating such information, and by
10 such other activities as are deemed appropriate by the
11 Administration.

12 SEC. 6. In any case in which the Administration certi-
13 fies to any officer of the Government having procurement
14 powers that the Administration is competent to perform any
15 specific Government procurement contract to be let by any
16 such officer, such officer shall be authorized to let such pro-
17 curement contract to the Administration upon such terms and
18 conditions as may be agreed upon between the Administration
19 and the procurement officer.

20 SEC. 7. (a) Whoever makes any statement knowing it
21 to be false, or whoever willfully overvalues any security, for
22 the purpose of obtaining for himself or for any applicant any
23 loan, or extension thereof by renewal, deferment of action,
24 or otherwise, or the acceptance, release, or substitution of
25 security therefor, or for the purpose of influencing in any

1 way the action of the Administration, or for the purpose of
2 obtaining money, property, or anything of value, under this
3 Act, shall be punished by a fine of not more than \$5,000 or
4 by imprisonment for not more than two years, or both.

5 (b) Whoever, being connected in any capacity with the
6 Administration (A) embezzles, abstracts, purloins, or will-
7 fully misapplies any moneys, funds, securities, or other things
8 of value, whether belonging to it or pledged or otherwise
9 entrusted to it, or (B) with intent to defraud the Adminis-
10 tration or any other body politic or corporate, or any individ-
11 ual, or to deceive any officer, auditor, or examiner of the
12 Administration makes any false entry in any book, report, or
13 statement of or to the Administration, or, without being
14 duly authorized, draws any order or issues, puts forth, or
15 assigns any note, debenture, bond, or other obligation, or
16 draft, bill of exchange, mortgage, judgment, or decree
17 thereof, or (C) with intent to defraud participates, shares,
18 receives directly or indirectly any money, profit, property,
19 or benefit through any transaction, loan, commission, con-
20 tract, or any other act of the Administration, or (D) gives
21 any unauthorized information concerning any future action
22 or plan of the Administration which might affect the value
23 of securities, or, having such knowledge, invests or specu-
24 lates, directly or indirectly, in the securities or property of
25 any company or corporation receiving loans or other assist-

1 ance from the Administration shall be punished by a fine
2 of not more than \$10,000 or by imprisonment for not more
3 than five years, or both.

4 SEC. 8. It shall be the duty of the Administration and
5 it is hereby empowered, whenever it determines such action
6 is necessary—

7 (a) to make a complete inventory of all productive
8 facilities of small-business concerns which can be used for
9 war, defense, or essential civilian production, or to
10 arrange for such inventory to be made by any other
11 governmental agency which has the facilities. In
12 making any such inventory, the appropriate agencies
13 in the several States shall be requested to furnish an
14 inventory of the productive facilities of small-business
15 concerns in each respective State if such an inventory
16 is available or in prospect; and

17 (b) to coordinate and to ascertain the means by
18 which the productive capacity of small-business concerns
19 can be most effectively utilized for war, defense or
20 essential civilian production.

21 SEC. 9. It shall be the duty of the Administration and
22 it is hereby empowered, to consult and cooperate with gov-
23 ernmental departments and agencies in the issuance of all
24 orders or in the formulation of policy or policies in any way
25 affecting small-business concerns. All such governmental

1 departments or agencies are required, before issuing such
2 orders or announcing such policy or policies, to consult and
3 cooperate with the Administration in order that the interests
4 of small-business enterprises may be recognized, protected
5 and preserved.

6 SEC. 10. The Administration shall have power, and it is
7 hereby directed, whenever it determines such action is
8 necessary—

9 (a) to consult and cooperate with officers of the
10 Government having procurement powers, in order to
11 utilize the potential productive capacity of plants oper-
12 ated by small-business concerns;

13 (b) to obtain information as to methods and prac-
14 tices which Government prime contractors utilize in
15 letting subcontracts and to take action to encourage the
16 letting of subcontracts by prime contractors to small-
17 business concerns at prices and on conditions and terms
18 which are fair and equitable;

19 (c) to determine within any industry the concerns,
20 firms, persons, corporations, partnerships, cooperatives,
21 or other business enterprises, which are to be designated
22 “small-business concerns” for the purpose of effectuat-
23 ing the provisions of this Act;

24 (d) to certify to Government procurement officers
25 with respect to the competency, as to capacity and

1 credit, of any small-business concern or group of such
2 concerns to perform a specific Government procurement
3 contract;

4 (e) to obtain from any Federal department, estab-
5 lishment, or agency engaged in procurement or in the
6 financing of procurement or production such reports
7 concerning the letting of contracts and subcontracts and
8 making of loans to business concerns as it may deem
9 pertinent in carrying out its functions under this Act;

10 (f) to obtain from suppliers of materials informa-
11 tion pertaining to the method of filling orders and the
12 bases for allocating their supply, whenever it appears
13 that any small business is unable to obtain materials
14 from its normal sources for war or defense production
15 or for essential or such other civilian production as is
16 necessary to maintain a well-balanced national economy;

17 (g) to make studies and recommendations to the
18 appropriate Federal agencies to insure a fair and equi-
19 table share of materials, supplies, and equipment to
20 small-business concerns to effectuate war or defense
21 programs, for essential civilian purposes, or for any
22 other purpose deemed essential to a well-balanced
23 national economy;

24 (h) to consult and cooperate with all Government
25 agencies for the purpose of insuring that small-business

1 concerns shall receive fair and reasonable treatment
2 from said agencies; and

3 (i) to establish such advisory boards and commit-
4 tees wholly representative of small business as may be
5 found necessary to achieve the purposes of this Act.

6 SEC. 11. In any case in which a small-business concern
7 or group of such concerns has been certified by or under the
8 authority of the Administration to be a competent Govern-
9 ment contractor with respect to capacity and credit as to a
10 specific Government procurement contract, the officers of the
11 Government having procurement powers are directed to ac-
12 cept such certification as conclusive, and are authorized to let
13 such Government procurement contract to such concern or
14 group of concerns without requiring it to meet any other
15 requirement with respect to capacity and credit.

16 SEC. 12. To effectuate the purposes of this Act, small-
17 business concerns within the meaning of this Act shall receive
18 any award or contract or any part thereof as to which it is
19 determined by the Administration and the contracting pro-
20 curement agencies (A) to be in the interest of mobilizing the
21 Nation's full productive capacity, (B) to be in the interest of
22 war or national defense programs, or (C) to be in the interest
23 of a well-balanced national economy, to make such award or
24 let such contract to a small-business concern.

25 SEC. 13. The Administration shall make a report every

1 six months of operations under this Act to the President,
2 the President of the Senate, and the Speaker of the House of
3 Representatives. Such report shall include the names of
4 the business concerns to whom contracts are let and for
5 whom financing is arranged by the Administration, together
6 with the amounts involved, and such report shall include
7 such other information and such comments and recommenda-
8 tions as the Administration may deem appropriate.

9 SEC. 14. The Administration is hereby empowered to
10 make studies of the effect of price, credit, and other controls
11 imposed under war or defense programs and wherever it
12 finds that these controls discriminate against or impose undue
13 hardship upon small business, to make recommendations to
14 the appropriate Federal agency for the adjustment of con-
15 trols to the needs of small business.

16 SEC. 15. (a) The President may transfer to the Admin-
17 istration any functions, powers, and duties of any department
18 or agency which relate primarily to small-business problems.
19 In connection with any such transfer, the President may
20 provide for appropriate transfers of records, property, neces-
21 sary personnel, and unexpended balances of appropriations
22 and other funds available to the department or agency from
23 which the transfer is made.

24 (b) The President may also provide for such transfers
25 of records, property, and personnel from the Small Defense

1 Plants Administration, during the period of its liquidation, as
2 he considers appropriate to assist the Small Business Admin-
3 istration in carrying out its functions under this Act. The
4 Defense Production Act of 1950, as amended, is further
5 amended by the repeal of section 714 of that Act.

6 SEC. 16. No loan shall be recommended or equipment,
7 facilities, or services furnished by the Administration under
8 this Act to any business enterprise unless the owners, part-
9 ners, or officers of such business enterprise (1) certify to the
10 Administration the names of any attorneys, agents, or other
11 persons engaged by or on behalf of such business enterprise
12 for the purpose of expediting applications made to the Ad-
13 ministration for assistance of any sort, and the fees paid or to
14 be paid to any such persons, and (2) execute an agreement
15 binding any such business enterprise for a period of two years
16 after any assistance is rendered by the Administration to such
17 business enterprise, to refrain from employing, tendering any
18 office or employment to, or retaining for professional services,
19 any person who, on the date such assistance or any part
20 thereof was rendered, or within one year prior thereto, shall
21 have served as an officer, attorney, agent, or employee of
22 the Administration occupying a position or engaging in activi-
23 ties which the Administration shall have determined involve
24 discretion with respect to the granting of assistance under
25 this Act.

1 SEC. 17. To the fullest extent the Administration deems
2 practicable, it shall make a fair charge for the use of Govern-
3 ment-owned property and make and let contracts on a basis
4 that will result in a recovery of the direct costs incurred by
5 the Administration.

6 SEC. 18. There are hereby authorized to be appropriated
7 such sums as may be necessary and appropriate for the
8 carrying out of the provisions and purposes of this Act.

9 SEC. 19. If any provision of this Act, or the application
10 thereof to any person or circumstances, is held invalid, the
11 remainder of this Act, and the application of such provision
12 to other persons or circumstances, shall not be affected
13 thereby.

A BILL

To create the Small Business Administration
and to preserve small business institutions
and free, competitive enterprise.

By Mr. Hull

MAY 12, 1953

Referred to the Committee on Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 29, 1953
For actions of May 28, 1953
83rd-1st, No. 98

CONTENTS

Adjournment.....	4,9	Immigration.....	11	Prices.....	7,15,17
Agriculture credit.....	23	Interest rates.....	22	Small business.....	2,19
Appropriations.....	5	Lands, grazing.....	3,21	Soil conservation.....	20
Beef prices.....	15	Leave.....	1	Surplus commodities.....	7
Budgeting.....	14,24	Loans, farm.....	13	Trade, foreign.....	6
Certifying payments.....	10	Marketing quotas.....	12	Veterans' benefits.....	13
Corn.....	15	Milk.....	16	Wheat.....	12
Dairy industry.....	16	Nomination.....	8		
Flood control.....	18	Personnel.....	1,5		

HIGHLIGHTS: Senate committee reported State, Justice, Commerce appropriation bill. Sen. Eastland urged bartering surplus commodities for foreign goods. House requested conference on executive leave bill.

HOUSE

1. PERSONNEL; LEAVE. Disagreed to Senate amendments on H. R. 4654, exempting certain Government officials from the Annual and Sick Leave Act of 1951, and requested a conference, appointing Reps. Rees, Corbett, St. George, Murray, and Davis (Ga.) as conferees (p. 5975).
2. SMALL BUSINESS. The Banking and Currency Committee reported with amendment H. R. 5141, to create a Small Business Administration (H. Rept. 494) (p. 5978).
3. GRAZING LAND. Rep. D'Wart inserted two letters favoring his bill, H. R. 4023, the stockmen's grazing bill (pp. 5970-2).
4. ADJOURNED until Mon., June 1 (p. 5978). Legislative program, as modified (see Digest No. 97), as stated in "Daily Digest": Mon., no business scheduled; with Consent Calendar on Tues.; Wed. and balance of week, Reorganization Plan No. 2 on this Department, and H. R. 4406 and H. R. 992, establishing commissions on governmental functions and organization of the executive branch (p. D485).

SENATE

5. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 4974 the State, Justice, Commerce appropriation bill for 1954 (S. Rept. 309) (p. 5940) Sen. Bridges submitted 10 notices of intention to suspend the rules for proposing amendments to this bill, including amendments which would permit the Secretaries of State and Commerce and the Attorney General, during the 1954 fiscal year, to terminate the employment of any officer or employee of their respective

"whenever they shall deem such termination necessary or advisable in the interests of the United States" (pp. 5940-2).

6. FOREIGN TRADE. The Rules and Administration Committee reported with additional amendments S. Res. 25, providing for an investigation of means to expand foreign investment and trade (S. Rept. 310) (pp. 5940).
7. SURPLUS COMMODITIES. Sen. Eastland spoke on the food surplus problem, saying these surpluses, "with falling export markets, if permitted to accumulate, will blow up the farm support-price program," and urging bartering surplus farm products for foreign military equipment (pp. 5943-5).
8. NOMINATION. Received the nomination of Nelson A. Rockefeller to be Under Secretary of Health, Education, and Welfare (p. 5962).
9. RECESSED until Mon., June 1, (p. 5961).

BILLS INTRODUCED

10. CERTIFYING PAYMENTS. S. 2018, by Sen. Langer, to relieve disbursing officers, certifying officers, and payees with respect to certain payments made in contravention of appropriation restrictions regarding citizenship status; to Judiciary Committee (p. 5940).
11. IMMIGRATION. H. R. 5450, by Rep. Heller, to admit 100,000 immigrants who are natives and citizens of Italy; to Judiciary Committee (p. 5979).
12. MARKETING QUOTAS. H. R. 5451, by Rep. Hope, to amend the wheat marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to Agriculture Committee (p. 5979).
13. FARM LOANS. H. R. 5456, by Rep. Ayres, to extend to June 30, 1954, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available therefor; to Veterans' Affairs (p. 5979).
14. BUDGETING. H. Res. 258, by Rep. Coudert, creating a select committee to conduct an investigation and study of how the annual budget may be balanced and deficit financing eliminated; to Rules Committee (p. 5979).

ITEMS IN APPENDIX

15. BEEF PRICES. Sen. Hickenlooper inserted a discussion by J. C. Holbert, Iowa Beef Producers Association, on the reasons for lower beef prices and the steps that should be taken by the Government to stabilize the market (pp. A3192-3).
16. DAIRY INDUSTRY. Rep. Hope inserted a report titled "Effect of Lower Corn Price Supports on Milk Production Costs" (p. A3194).
17. PRICE CONTROLS. Rep. Multer inserted a California Law Review article titled "Price Stabilization During a Period of Cold War" (pp. A3199-203).
Rep. Hiestand inserted the testimony of Herrell DeGraff for the American Meat Institute before the H. Banking and Currency Committee opposing standby price-control legislation (pp. A3217-20).
18. FLOOD CONTROL. Rep. Smith (Miss.) inserted an address of Maj. Gen. Samuel Stur-

SMALL BUSINESS ACT OF 1953

MAY 28, 1953.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WOLCOTT, from the Committee on Banking and Currency, submitted the following

R E P O R T

[To accompany H. R. 5141]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 5141) to create the Small Business Administration and to preserve small business institutions and free, competitive enterprise, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause of the introduced bill and inserts an amendment in the nature of a substitute. The text of the matter inserted appears in italic type in the bill herewith reported to the House.

PRINCIPAL CHANGES MADE BY THE COMMITTEE AMENDMENT

The committee amendment in general follows the substance and form of the introduced bill. The committee amendment provides for the following changes in the introduced bill. In lieu of authorizing the appropriation of \$500 million for loan, contract, and subcontracting authority the committee amendment would reduce the authorization to \$250 million of which \$150 million would be available for loans and \$100 million would be available for contracts and subcontracts. The committee amendment would place an overall limitation of \$100,000 on the amount of financial assistance extended and outstanding to any one borrower either in the form of loans or participations or both. Maturity on loans would be limited to 10 years under the committee amendment except in the case of loans involving construction of facilities where the maturity could be 10 years subsequent to the completion of construction. The committee amendment also spells out the order of procedure to be followed in the granting of financial assistance by the Administration. The bill would provide that no

financial assistance be made available by the Administration unless it is not otherwise available on reasonable terms. The committee amendment added a provision establishing the manner in which proof of such nonavailability of financial assistance would be shown.

The committee amendment would also require the Reconstruction Finance Corporation to transmit all applications from small-business concerns for financial assistance which are received after the enactment of this legislation to the Small Business Administration. An auditing provision contained in the introduced bill was deleted upon the recommendation of the Comptroller General inasmuch as adequate statutory authority exists for auditing under the Budget and Accounting Procedure Act of 1950. The introduced bill contained a provision requiring loans made by the Administration to be made in accordance with general policies established by a Small Business Loan Policy Board consisting of the Secretaries of Treasury and Commerce and the Administrator. The committee amendment retains the purposes of this Board and extends its functions to establishing policies governing the Administration in carrying out the powers, duties, and authority conferred upon it by this act. In a number of instances the committee felt it was desirable to limit authorities granted to war or defense production, rather than extend them to general operation in a peacetime economy and accordingly has made appropriate changes in the bill as introduced.

In view of the fact that the committee amendment is in the nature of a substitute for the introduced bill and the principal changes between the introduced bill and the committee amendment have already been commented upon, the remainder of the report deals with the provisions of the amendment reported by your committee.

GENERAL STATEMENT

SUMMARY OF THE BILL AS REPORTED

This bill, as reported, would provide for the establishment of a permanent, independent Small Business Administration. The Administration would continue many of the functions of the Small Defense Plants Administration¹ in the present mobilization period and in addition would be given powers and duties to encourage and assist small-business enterprises in peacetime as well as in any future war or mobilization period. To avoid duplication of functions and waste of effort and expense, there would be concentrated in this one agency of the Government the responsibility for administering programs to preserve and develop small business. The Small Business Administration would be empowered to make loans to small business, to enter into Government procurement contracts to be sublet to small business, to certify to Government procurement officers as to the capacity and credit of small-business concerns to undertake a specific Government procurement contract and to provide technical and managerial aids to small business. The Administration would also be empowered to make an inventory of the productive facilities of small business useful

¹ Under the provisions of sec. 714 of the Defense Production Act of 1950, as amended, the Small Defense Plants Administration would be terminated as of June 30, 1953. Upon enactment of this bill, said sec. 714 of the Defense Production Act of 1950, as amended, would be repealed. It was under said sec. 714 that the Small Defense Plants Administration was created.

for war or defense production, to encourage the letting of subcontracts to small business by Government prime contractors, to make recommendations to appropriate Federal agencies to insure that a fair and equitable share of materials go to small business, and to cooperate with Government procurement officials in order to attain the full use of the productive capacity of small business.

SMALL BUSINESS

Small business is the bulwark of free competitive enterprise. As long as the ownership and operation of business is diversified—there are over 4 million business concerns in the United States today—there is little danger that Government could, even if it was so inclined, make much of an inroad in substituting Government operation for private operation. Congress recognizes the importance of small business to our free competitive economy and in this bill declares as its policy—

that the Government should aid, counsel, assist, and protect insofar as is possible the interest of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

For the purposes of this act, a small-business concern is deemed to be one which is independently owned and operated and which is not dominant in its field of operation. There can be many bases for the classification of business concerns to determine whether they are small or large. Concerns may be classified as to number of employees. They may be classified as to dollar volume of annual sales. They may be classified as to gross assets. They may be classified as to net worth or as a refinement of this procedure by tangible net worth. Within any of these classifications, as well as others not mentioned, there is wide variation between industry and commercial groups as to what is small business and what is big business.

The determination must take into consideration the general size structure within the industry or commercial group to which the particular concern belongs. For instance, a given volume of sales or number of employees for a concern considered small business in one industrial group, if applied to a concern in another industrial group might well place that concern in the big business category of its particular group. It would be impractical to include in the act a detailed definition of small business because of the variation between business groups. It is for this reason that the act authorizes the Administration to determine within any industry the concerns which are to be designated small-business concerns for the purposes of the act.

The Department of Commerce in 1950 published the results of an earlier study showing the number of firms in operation by industry and showing size of the firms in terms of number of employees. From that data the following table has been prepared showing the number of firms by industry groups and the percentage distribution of these firms by number of employees.

TABLE I.—*Number of firms in operation by industry and percentage distribution by number of employees, Mar. 31, 1948*

	Number of firms (in thousands)	Percentage distribution of firms with employees numbering—			
		Under 8	Under 20	Under 100	100 or more
Manufacturing.....	329.3	60.4	77.6	94.2	5.8
Wholesale trade.....	201.4	75.0	91.2	99.0	1.0
Retail trade.....	1,704.2	91.4	97.8	99.8	.2
Transportation, communication, and public utilities.....	186.5	86.9	94.3	98.6	1.4
Finance, insurance, and real estate.....	345.8	92.0	97.5	99.5	.5
Service industries.....	852.8	92.5	97.6	99.7	.3
Mining and quarrying.....	34.4	69.8	85.6	96.5	3.5
Contract construction.....	312.4	84.2	94.5	99.4	6.4
Total.....	3,966.8	87.4	95.2	99.1	.9

Since at the end of the third quarter of 1952 there had only been a net increase of about 2.5 percent in the number of firms in operation over the March 1948 total, it is probable that there would be little change in the distribution percentages as of the present time. The table reveals that on the basis of employment, small business truly is small in size. Of the approximately 4 million business concerns, 87.4 percent had under 8 employees and 95.2 percent of the total number of concerns, employed less than 20 people.

There is a considerable turnover each year in the number of business concerns. The Department of Commerce compiles information as to the average number of business concerns in operation during the year. Table II presents this information.

TABLE II.—*Business population*

Period (year)	Number of concerns	New concerns	Discontinued concerns
1945.....	3,258,000	430,000	203,000
1946.....	3,605,000	620,000	226,000
1947.....	3,879,000	476,000	292,000
1948.....	3,991,000	405,000	371,000
1949.....	3,965,000	359,000	386,000
1950.....	3,980,000	398,000	365,000
1951.....	4,009,000	406,000	377,000
1952.....	4,053,000	(1)	(2)

¹ New business concerns in the first 9 months of 1952 totaled 327,700 compared with 323,300 in the first 9 months of 1951.
² Discontinued business concerns in the first 9 months of 1952 totaled 278,700 compared with 296,900 in the first 9 months of 1951.

It will be noted from this table that for the past 5 years new entrants to the business population have averaged about 10 percent of the total number of businesses. A good part of this yearly addition is not net gain however, as the number of discontinued businesses approaches the number of new businesses placed into operation during a year. The years 1945 through 1948 witnessed a sharp bulge in the net addition to the business population (733,000 units), undoubtedly reflecting the entrance into business of returning World War II veterans just as the years 1941 through 1944 reflected a sharp drop in the number of businesses (302,000 units) due to entrance of many of our citizens into military service.

While there is a substantial number of business discontinuances each year, only a small part of these in recent years have resulted in known losses to creditors. Dun & Bradstreet compiles information with respect to such commercial failures. Table III presents information as to number of such failures together with the total amount of current liabilities involved. Current liabilities are not to be confused with ultimate net losses. Current liabilities represent debts payable within a year, and failure to pay them results in financial difficulty. Ultimate net loss reflects the difference between realization on assets and all debt, both current and long term.

TABLE III.—*Business failures*

Year	Total business failures		Year	Total business failures	
	Number	Liabilities		Number	Liabilities
1945.....	809	\$30,225,000	1949.....	9,246	\$308,109,000
1946.....	1,129	67,349,000	1950.....	9,162	248,283,000
1947.....	3,474	204,612,000	1951.....	8,058	259,547,000
1948.....	5,250	234,620,000	1st half of 1952.....	4,094	146,859,000

Of the 8,058 concerns that failed in 1951 less than 6 percent (432) had current liabilities in excess of \$100,000. Among manufacturing establishments there were 1,533 failures with average current liabilities of slightly over \$59,300 per unit. Among wholesale establishments there were 827 failures with average current liabilities of about \$50,300 per unit. Among retail establishments there were 4,088 failures with average current liabilities of slightly under \$17,800 per unit. Among construction establishments there were 957 failures with average current liabilities of about \$39,200 per unit. Among commercial service establishments there were 653 failures with average current liabilities of \$25,400 per unit. The average of the current liabilities of the 8,058 concerns that failed in 1951 was \$32,200 per unit. With respect to size, 20 business failures took place in 1951 involving current liabilities in the \$1 million and over category and accounted for dollar liabilities of more than 7 times the dollar liabilities of the 1,832 failures which involved less than \$5,000 of current liabilities. These figures with respect to "trouble" in American business in 1951 emphasize that most businesses are comparatively small in size. Actually the 1951 failure rate was a favorable one as it represented only 31 failures per 10,000 concerns and compares with an annual average failure rate of 76 per 10,000 concerns over the period 1900 through 1951.

LOAN ASSISTANCE

The committee amendment would authorize the Small Business Administration to make loans to small-business concerns or to participate with financing institutions in loans to small-business concerns. No loan however could be granted if the total amount outstanding and committed by participation to the borrower under the act would exceed \$100,000. For this purpose the Administration would be authorized to extend loan assistance up to a total amount of \$150 million outstanding at any one time.

Reference to the tables and comment in the preceding section suggests that a loan limitation of \$100,000 outstanding at any one time is an ample limit for the vast majority of concerns which could and should be considered small business. From the inception of the Reconstruction Finance Corporation through March 31, 1953, that agency made 63,300 regular RFC business loans. Ninety percent of these loans made were in amounts of \$100,000 or less. In the fiscal year 1952 the RFC under its regular lending authority authorized 435 business loans in amounts of \$100,000 or under, totaling \$13,286,488 in gross amount and \$30,543 in average amount per loan. In the same period it authorized 112 business loans in amounts over \$100,000, totaling \$109,561,120 in gross amount. Of the 112 loans above \$100,000 in amount, \$75,905,000 was authorized for only 12 concerns. That is almost 6 times the amount that was authorized in the \$100,000 and under category. Stated differently, it took the same amount of loan funds to provide for only 12 concerns that it would have taken to meet the needs of 2,485 small-business concerns at the average loan amount of \$30,543 per loan. This emphasizes the need of placing a realistic limit on loans to any one borrower if the Administration is to assist small business.

The loan assistance provided for in the act is intended to supplement rather than be competitive with financial assistance extended to small business by private financing institutions. Provision is made that loans cannot be extended by the Administration unless such financial assistance is not otherwise available on reasonable terms. To further encourage private financing institutions in meeting the loan needs of small business, authority would be given the Administration to participate with private financing institutions in loans made to small businesses. In such cases the Administration and the private financing institution would each take agreed upon portions of the loan and of course would be protected proportionately by security offered for the loan. The operation is similar to the agreement frequently made between two private financing institutions where they each take portions of a loan which in total amount might exceed the statutory lending authority of either or both of the institutions. The Administration also would be given authority to make an agreement with a financing institution to participate in a loan to small business on a deferred basis. In this case the private financing institution in making the loan would also have an agreement with the Administration that within an agreed upon period of time, the private financing institution could sell to the Administration a portion of the loan. The Administration could make a deferred participation agreement for purchase of an amount not exceeding 90 percent of the balance of the loan outstanding at the time of disbursement. Thus the financing institution would retain an active interest in the loan. In a deferred participation agreement, the parties to the agreement of course would set the percentage of participation, up to a maximum of 90 percent, that would apply in the case of any individual loan.

The committee amendment would establish an order of procedure to be followed in the granting of financial assistance by the Administration. Private lending institutions, just as they have been, will continue to be the principal source of credit for small business. If financial assistance is desired from the Administration in the case of a specific loan it first would have to consider the assistance in terms

of a deferred participation. If it is shown that a deferred participation is not available, then an agreement could be undertaken for an immediate participation on the part of the Administration. If it is shown that an immediate participation is not available, then the Administration could make a loan to the small-business concern. This order of procedure implements the loan policy expressed in the act that loans shall not be extended by the Administration unless it is shown the financial assistance applied for is not otherwise available on reasonable terms. Approximately 70 percent of the commercial banks of the country are themselves small-business institutions and have statutory limits on their lending authority which would limit the loans they could make to an individual borrower to less than \$50,000 in amount.

Financial assistance extended by the Administration could be used to enable small-business concerns to finance plant construction, conversion or expansion, including the acquisition of sites and it could also be used to finance the acquisition of equipment, facilities, machinery, supplies or materials. In 1950 and 1951 of the total amount of business loans authorized by the RFC, approximately 43 percent was for expansion of fixed assets and approximately 43 percent was for working capital purposes. The proportion intended for expansion of fixed assets was greater in manufacturing industries than in nonmanufacturing lines where investment in plant and equipment is relatively less important.

Loans made by the Administration, or in which it participates, would have to be of such sound value or so secured as to reasonably assure repayment. It is proper that this requirement be made because unsound extension of credit in the final analysis is no favor to a borrower and of course only could lead to difficulties on the part of the lending agency. Many sound business loans may be unacceptable to banks for reasons of legal lending limitations or length of maturity. The loan participation authority of the Administration will be of material assistance in meeting the first-mentioned problem and authority of the Administration to make loans up to 10 years in maturity will be of material assistance in meeting the second. Loans for the construction of industrial facilities could be made for 10 years plus such additional period as it is estimated will be required to complete the construction. In many cases banks undoubtedly will be willing to extend short-term credit for working capital to borrowers if, the Administration will make the needed sound long-term fixed-asset loans. In 1951 approximately 12.4 percent of the business loans authorized by the RFC had maturities of less than 2½ years, 43.4 percent maturities of 2½ to 5½ years and 44.2 percent maturities over 5½ years.

CONTRACT ASSISTANCE

The committee amendment would empower the Administration to extend various forms of contract assistance to small business. The Administration would be authorized to utilize up to an aggregate of \$100 million outstanding at any one time to enter into procurement contracts with agencies of the Government and to make arrangements with small business for the performance of such contracts. These arrangements would include subcontracts with small-business concerns, for the manufacture, assembly, supply, or servicing or process-

ing in connection therewith, or such management services as may be necessary to enable the Administration to perform the procurement contracts undertaken. The present Small Defense Plants Administration possesses similar prime contract authority and while it has not been extensively used to date the existence of the authority probably has had a salutary effect in utilization of the productive potentialities of small business to meet Government procurement requirements. Examples of prime contracts undertaken by the SDPA include an Army Ordnance contract for the production of machine gun mounts, an Army Quartermaster contract for the production of gasoline-fired water heaters for use by troops in the field and an armed services textile and apparel procurement contract for duffel bags.

The Administration would be authorized to certify as to the competency, as to credit and capacity, of any small-business concern or group of such concerns to perform a specific Government contract and such certification would be required to be accepted as conclusive by the Government procurement agency. Under similar authority the SDPA through April 15, 1953, had issued 71 certificates of competency in connection with procurement contracts aggregating slightly over \$50 million.

The Administration would be authorized to make joint determinations with Government procurement officers as to mobilization and defense contracts which would be earmarked in whole or in part for exclusive award to small-business concerns. Through March 27, 1953, the SDPA, operating under similar authority, reports that of 2,464 joint determinations initiated involving procurement of about \$745 million that 1,591 joint determinations had been made covering procurement with an estimated value of approximately \$456 million. Under this procedure, contracts actually awarded as of March 27, 1953, numbered 465 for a total amount of slightly under \$109 million.

In general the Administration would lend assistance to small business in Government-procurement problems. It would be given authority to consult and cooperate with Government procurement officers in order to utilize the productive capacity of plants operated by small-business concerns. It would acquaint small-business concerns with the procedures which Government prime contractors utilize in letting subcontracts and encourage prime contractors to let subcontracts to small-business concerns. It could serve as a clearing-house between such prime contractors and small-business concerns for information as to the productive capacities and abilities of small-business concerns. At times a prime contractor needs the additional or specialized capacity which a small-business concern can supply on a subcontract that is to the mutual advantage of each of them. The subcontracting relationship frequently continues, once it has been established.

OTHER FORMS OF ASSISTANCE

The Administration would be empowered to provide technical and managerial aids, to advise and to disseminate information on principles and practices of good management, operation, and finance to small-business concerns. In a survey of business failures in 1951 Dun & Bradstreet concluded on the basis of opinions of informed creditors and information in its credit reports that 46.1 percent of the failures

were due to incompetenee, 14.2 pereent due to unbalaneed experieene, 14.1 pereent due to laek of managerial experieene, and 13.6 pereent due to laek of experieene in the partieular line of business. The remaining eauses of failure were classified as 5.5 pereent due to neglect, 3.8 pereent due to fraud, 1.5 pereent due to disaster, and 1.2 pereent due to all other eauses. It is apparent the Administration can be of valued serviee to small-business eoneerns in eounseling and providing information as to sound business praetiees and by eooperating with other agencies engaged in similar aetivities.

Another of the aetivities which the Administration would be authorized to undertake would be the making of an inventory of the productive faeilities of small-business eoneerns, which can be used for war or defense production. Appropriate Federal and State ageeneies might be called upon to furnish information for such an inventory. In 1949 some 28 States undertook production-faaility surveys. Problems which arise in sueh an undertaking include the eosts of making and keeping the inventory up to date, and the securing of information in standardized form. The information would be useful to Government proeurement offieers and prime eontraetors. The information eould be used to spread the base of prime eontraeting, inezease the volume of subeontraeting, and aid small business through utilizing idle production eapaeity.

If the President found that it was in the public interest as contributing to national defense, small-business eoneerns would be permitted, just as they now are under seetion 708 of the Defense Production Aet, to enter into eertain voluntary agreements which would be construed not to be within the prohibitions of the antitrust laws or the Federal Trade Commission Aet of the United States. It is under this authority in the Defense Production Aet that business firms ean agree to form production pools. During World War II nearly 250 war production associations or faeilities groups received similar Government clearance. It is estimated they seured over \$600 million in war eontraets. The Smaller War Plants Corporation, which was in existenee at that time, pointed out in its January 1946 report that—

Many small businesses which eould not have otherwise participated in war production were able to do so by means of pools. By joining up with other small firms, they eould eollectively turn out war goods which, individually, none of them would have been able to produce.

In the present mobilization period through Mareh 1953, clearance had been obtained and aetion consummated on the formation of 22 production pools made up of 518 business eoneerns.

There are many oeasions in which the interests of small business are direetly affected by aetions or policies of the Federal Government. With respect to these, the Administration would serve as the advocate of small business. It might be a question of issuance of tax amortization eertificates, or of setting faaility expansion goals, or of insuring small business a fair and equitable share of materials, supplies, and equipment to effectuate war or defense programs. When directed by the President, it would be the duty of the Administration to consult and eooperate with governmental departments and agencies in the issuance of orders or the formulation of policies affecting small-business eoneerns. When directed by the President, sueh governmental departments or ageeneies would be required, before issuing

such orders or announcing such policies, to consult and cooperate with the Administration in order that the interests of small-business concerns may be recognized, protected, and preserved.

SECTION BY SECTION ANALYSIS OF THE COMMITTEE AMENDMENT

SECTION 1

The first section would provide a convenient short title for the act.

SECTION 2

This section would declare as the policy of Congress that the Government should aid, counsel, assist, and protect insofar as it is possible the interest of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases in contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

SECTION 3

This section would provide that a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. This section would authorize the Administration to make a more detailed definition and in so doing would authorize it to use additional criteria among which are number of employees and dollar volume of business. With respect to nondominance in its field, the committee does not intend to exclude business enterprises which are actually small-business enterprises that manufacture an article or commodity which is not manufactured by any other business. The mere fact that a small business makes a particular product or item and is dominant in its field with respect to the particular product or item is not intended to disqualify it from the benefits of this act if it is actually a small-business enterprise.

SECTION 4

Subsection (a) of this section would create a Small Business Administration under the general direction and supervision of the President to carry out the policy of the act and administer the authority granted therein. The principal office of the Administration would be located in the District of Columbia and branch offices could be established in other places in the United States.

Subsection (b) would authorize the appropriation of \$250 million to enable the Administration to perform the powers and duties conferred upon it. The appropriations would be made to a revolving fund in the Treasury and the fund would be limited in use to the purposes enumerated in sections 7 (a), (b), and (e). This subsection would limit the amount of funds used for the purposes enumerated in section 7 (a) to \$150 million outstanding at any one time, and \$100 million outstanding at any one time with respect to sections 7 (b) and (e).

Subsection (e) would vest the management of the Administration in an Administrator to be appointed by the President with the advice

and counsel of the Senate and would require the appointee to be a person of outstanding qualifications known to be familiar and sympathetic with small business needs and problems. This section also would authorize the appointment of three deputy administrators and provides the salaries for the Administrator and deputies.

Subsection (d) would create a Small Business Advisory Board consisting of the Secretary of the Treasury as Chairman, the Secretary of Commerce, and the Administrator. The Board would establish general policies which would govern the Administration in carrying out the powers, duty, and authority conferred on it by this act including, among other things, general policies with respect to loan assistance and contract authority. The Board would also be required periodically to review the operations of the Administration and to coordinate its functions with other activities and policies of the Government.

The attention of your committee was called to certain instances in which it was reported assistance had been given by the Small Defense Plants Administration to persons or concerns which resulted in assistance not being given to legitimate small business but to promoters without business experience in the particular field and had the effect of actually subverting the intent of Congress in setting up the SDPA. One of the purposes of the Policy Board created by this subsection would be to establish policies and periodically review operations of the Administration to assure that the benefits of this act in fact flow to legitimate small-business concerns.

SECTION 5

Subsection (a) of this section would authorize the Administration to adopt a seal which shall be judicially noticed. It also would authorize the employment of the necessary personnel, subject to the civil service and classification laws, required to carry out the provisions of the act. It would further authorize the Administration with the consent of other agencies of the Government to avail itself of the use of the information, services, facilities, and employees of such agencies in carrying out the provisions of the act.

Subsection (b) of this section would set forth detailed powers of the Administrator necessary to the performance of his functions, powers, and duties under this act.

Subsection (c) of this section would authorize the Administrator to procure the temporary services of experts and consultants, without regard to the civil service and classification laws, to the extent the Administrator finds necessary to carry out the provisions of the act. Such temporary employment would be restricted to 1 year or less.

SECTION 6

This section would require that all moneys of the Administration not otherwise employed be deposited with the Treasury of the United States. It would further authorize the Federal Reserve banks to act as depositories and fiscal agents for the Administration in the general performance of its powers. Banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, would also be authorized to act as custodians and financial agents. With respect to Federal Reserve banks acting as fiscal

agents for the Administration, it is not intended that Federal Reserve banks make loans or perform other acts requiring the exercise of judgment with respect to financial transactions of the Administration.

SECTION 7

This section would authorize the Administration to make loans, enter into contracts with Government agencies, enter into subcontracts with small business enterprises, and provide managerial and technical aids to small businesses.

Subsection (a) of this section would authorize the Administration to make loans to small-business concerns, to finance plant construction or expansion, to finance the acquisition of equipment, facilities, machinery, and supplies or materials, and to supply small-business concerns with working capital to be used in the manufacture of articles, equipment, supplies or materials for war, defense or essential civilian production or as may be necessary to insure a well-balanced national economy. These loans may be made either directly or in cooperation with banks or other lending institutions or through agreements to participate on an immediate or deferred basis.

Participations on a deferred basis would be limited to 90 percent of the balance of the loan outstanding at the time of disbursement. In addition the Administration could not make a loan unless it is shown that a participation is not available, and it could not enter into a participation unless it is shown that a deferred participation is not available. The purpose of these requirements with respect to participations is to conserve the funds of the Administration and to enable lending institutions generally to use their own funds either entirely or to the greatest possible extent in connection with the financing of small-business concerns.

This subsection would further require that no financial assistance could be extended unless it is not otherwise available on reasonable terms and would require all loans made to be of such sound value or so secured as reasonably to assure repayment. It would further limit loans made or participations entered into by the Administration with respect to any borrower to \$100,000 outstanding at any one time. Loan maturities, including renewals and extensions thereof, would be limited to 10 years except in the case of a loan made for the purpose of constructing industrial facilities, the maturity could be 10 years plus the estimated time required to complete construction.

Subsection (b) would authorize the Administration to enter into contracts with the Government and any department, agency or officer thereof having procurement powers obligating the Administration to furnish articles, equipment or supplies to the Government.

Subsection (c) would authorize the Administration to arrange for the performance of contracts entered into pursuant to subsection (b) of this section by negotiating or otherwise letting subcontracts to small-business concerns or others to enable the Administration to perform such contracts.

Subsection (d) would authorize the Administration to provide technical and managerial aid to small-business concerns.

SECTION 8

This section would require the Reconstruction Finance Corporation to transmit applications for loans from small businesses received by it after the date of enactment of this act to the Small Business Administration for its consideration and possible action.

SECTION 9

This section would authorize Government procurement officers to let Government procurement contracts to the Small Business Administration upon terms and conditions agreed to between the Administration and the procurement officer whenever the Administration certifies to any such officer that the Administration is competent to perform any specific Government contract to be let by any such officer.

SECTION 10

This section contains penal provisions with respect to offenses such as embezzlement, fraud, false statements, and the like.

SECTION 11

Subsection (a) would authorize the Administration to make a complete inventory of all facilities of small-business concerns which can be used for war or defense production or to arrange for such inventory to be made by any Government agency having facilities therefor.

Subsection (b) would authorize the Administration to coordinate and ascertain the means by which the productive capacity of small-business concerns can be most effectively used for war or defense production.

SECTION 12

This section would authorize the Administration, when directed by the President, to consult and cooperate with other Government agencies and departments in the issuance of orders or policies affecting small-business concerns and would further require such governmental agencies, when directed by the President, before issuing such orders or announcing such policies, to consult with the Administration in order that the interest of small-business enterprises may be recognized, protected, and preserved.

SECTION 13

This section would authorize the Administration (a) to consult and cooperate with Government procurement officers in order to use the potential productive capacity of plants operated by small-business concerns, (b) to obtain data as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by Government prime contractors to small-business concerns, (c) to determine within any industry the concerns which are to be designated "small-business concerns" for the purposes of this act, (d) to certify to Government procurement officers with respect to the capacity and credit of any small-business concern or group thereof to perform a specific Government procurement contract, (e) to obtain from Gov-

ernment procurement agencies reports concerning the letting of contracts and subcontracts and the making of loans to business concerns, (f) to obtain from suppliers of materials data with respect to the method of filling orders and bases of allocating their supply whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production, (g) to make studies and recommendations to Federal agencies allocating materials to insure to small-business concerns a fair and equitable share in order to effectuate our defense programs, (h) to consult and cooperate with Government procurement agencies to insure that small-business concerns receive fair and equitable treatment from such agencies, and (i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this act.

SECTION 14

This section would provide that whenever the Administration certifies a small-business concern or group of such concerns to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, Government procurement officers would be directed to accept such certification as conclusive.

SECTION 15

This section would provide that small-business concerns shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agencies to be in the interest of mobilizing the Nation's full productive capacity or to be in the interest of war and national defense programs.

SECTION 16

This section would require the Administration to make a report to the Congress every 6 months and include therein the names of business concerns to whom contracts are let and for whom financing was arranged by the Administration.

SECTION 17

This section would authorize the Administration to make studies of the effect of price, credit, and other controls imposed under war and defense programs and wherever it feels such controls discriminate against and impose undue hardships on small business to make recommendations to the appropriate Federal agency for the adjustment of the controls to the needs of small business.

SECTION 18

This section would authorize the President to consult with representatives of small-business concerns for the purpose of entering into voluntary agreements or programs to further the objectives of this act and would provide exemptions from the antitrust laws or the Federal Trade Commission Act of the United States with respect to acts or omissions to act under voluntary agreements or programs approved

by the President and found by him to be in the public interest as contributing to the national defense. The authority in this section is similar to that provided in section 708 of the Defense Production Act of 1950, as amended, in both substance and procedure except that its application is limited to small-business concerns.

SECTION 19

This section would authorize the President to transfer to the Small Business Administration any functions, powers, and duties of any department or agency which relate primarily to small-business concerns. It would also authorize the President to transfer such records, property, and personnel from the Small Defense Plants Administration during the period of its liquidation as he considers appropriate to assist the Small Business Administration in carrying out its functions under this act. Section 714 of the Defense Production Act of 1950, as amended, creating the Small Defense Plants Administration would be repealed by this section.

SECTION 20

This section would provide for certain conditions which must be met and agreements entered into by any small-business enterprise before a loan could be made or equipment, facilities, or services could be furnished by the Administration.

SECTION 21

This section would require that the Administration, to the fullest extent it deems practicable, make a fair charge for the use of Government-owned property and make and let contracts on a basis that would result in the recovery of direct costs incurred by the Administration.

SECTION 22

This section would authorize appropriations for the purpose of carrying out the provisions and purposes of the act.

SECTION 23

This section contains the usual separability provisions.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets):

DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

* * * * *

[SEC. 714. SMALL DEFENSE PLANTS ADMINISTRATION—

[(a) (1) It is the sense of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of this Act. In order to carry out this policy there is hereby created an agency under the name 'Small Defense Plants Administration' (hereinafter referred to as the Administration), which Administration shall be under the general

direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration. For the purposes of this section, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. The Administration, in making a detailed definition, may use these criteria, among others: independence of ownership and operation, number of employees, dollar volume of business, and nondominance in its field.

[(2) The Administration is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$50,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$50,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in subsection (b) (1) (B), (C), and (D). Reimbursements made to the Administration under these operations shall revert to the revolving fund for use for the same purposes.

[(3) The management of the Administration shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Administration. Deputy Administrators shall be paid at the rate of \$15,000 per annum.

[(4) The Administration shall not have succession, beyond June 30, 1953, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an Act of Congress. It shall have power to adopt, alter, and use a seal, which shall be judicially noticed; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Administration; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section.

[(5) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this Act. All insured banks, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

[(b) (1) Without regard to any other provision of law except the regulations prescribed under section 201 of the First War Powers Act, 1941, as amended, the Administration is empowered—

[(A) to recommend to the Reconstruction Finance Corporation loans or advances, on such terms and conditions and with such maturity as the Reconstruction Finance Corporation may determine on its own discretion, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, development, and experimental work on new or improved products or processes; or to supply such concerns with capital to be used in the manufacture of articles, equipment, supplies, or materials for defense or essential civilian purposes; or to establish and operate technical laboratories to serve small-business concerns; such loans or advances to be made or effected either directly by the Reconstruction Finance Corporation or in cooperation with banks or other lending institutions through agreements to participate in insurance of loans, or by the purchase of participations, or otherwise;

[(B) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating

the Administration to furnish articles, equipment, supplies, or materials to the Government;

[(C) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

[(D) to provide technical and managerial aids to small-business concerns, by maintaining a clearinghouse for technical information, by cooperating with other Government agencies, by disseminating information, and by such other activities as are deemed appropriate by the Administration.

[(2) In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officers, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

[(c) (1) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this section, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

[(2) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

[(d) (1) It shall be the duty of the Administration and it is hereby empowered, to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production

[(2) It shall be the duty of the Administration and it is hereby empowered to consult and cooperate with appropriate governmental agencies in the issuance, of all orders limiting or expanding production by, or in the formulation of policy in granting priorities to, business concerns. All such governmental agencies are required, before issuing such orders or announcing such priority policies, to consult with the Administration in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies and materials for national defense and essential civilian purposes.

[(e) The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

[(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States shall be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

[(2) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

[(3) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

[(4) to take such action, authorized under this section, as is necessary to provide small-business concerns with an adequate incentive, excluding subsidies, to engage in defense and essential civilian production and to facilitate the conversion and equipping of plants of small-business concerns for such production;

[(5) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this section;

[(6) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

[(7) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this Act;

[(8) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources;

[(9) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes;

[(10) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies, and

[(11) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

[(f) (1) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

[(2) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy, small-business concerns within the meaning of this section shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of the national defense program, to make such award or let such contract to a small-business concern.

[(3) Whenever materials or supplies are allocated by law, a fair and equitable percentage thereof shall be allocated to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Administration.

[(4) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950: *Provided*, That the limitations and restrictions imposed on the production of specific items should give due consideration to the needs of new concerns.

[(g) The Administration shall make a report every ninety days of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged, by the Administration, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Administration may deem appropriate.]

[(h) The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under the defense program and whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.]

[(i) The Reconstruction Finance Corporation is authorized to make loans and advances upon the recommendation of the Small Defense Plants Administration as provided in (b) (1) (A) of this section not to exceed an aggregate of \$100,000,000 outstanding at any one time, on such terms and conditions and with such maturities as Reconstruction Finance Corporation may determine.]

[(j) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relates primarily to small-business problems.]

[(k) No loan shall be recommended or equipment, facilities, or services furnished by the Administration under this section to any business enterprise unless the owners, partners or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons, and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this section.]

[(l) To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.]

[(m) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section.]

* * * * *

ADDITIONAL VIEWS OF MR. PATMAN AND MR. MULTER

We are happy to join with our colleagues on the Banking and Currency Committee in favorably reporting to the House H. R. 5141. We are both members of the Select Committee To Conduct a Study and Investigate the Problems of Small Business and as such participated in the drafting of H. R. 5141. This bill was introduced by the chairman of the Small Business Committee, the Honorable William S. Hill, of Colorado, on May 12, 1953 and, in principle, has the unanimous approval of the Small Business Committee.

We feel, however, that the Committee on Banking and Currency has committed a grievous error in adopting two major amendments to the bill: (1) The revolving fund provided for in subsection 4 (b) has been reduced from \$500 million to \$250 million; and (2) subsection 7 (a), as now written, would limit loans made or participations entered into by the Small Business Administration with respect to any borrower to \$100,000 outstanding at any one time.

H. R. 5141, as introduced, authorized a revolving fund of \$500 million for the Small Business Administration to be used for prime contract operations and loans. In cutting this amount in half we believe that the Banking and Currency Committee has been exceedingly unwise. This reduction is a blow at the effectiveness of the new agency. We should like to point out that, unlike the case of the Smaller War Plants Corporation of World War II or the present Small Defense Plants Administration, in H. R. 5141, we are setting up not a temporary emergency agency but a permanent, full-fledged Government agency to service and protect the interests of the small-business man much as in the manner as those of the farmer are now served and protected by the Department of Agriculture. This bill presents us with the opportunity to assure the American small-business man that we will always have an agency in Washington whose sole duty will be to represent him. It will be impossible to give him this assurance unless he knows that the Small Business Administration has a revolving fund adequate to meet his needs. Restoration of the revolving fund to \$500 million would be the most telling manner in which to make the new agency an effective force on behalf of small business.

Of an even more serious nature, we believe, is the committee's action in limiting loans to any borrower to \$100,000 outstanding at any one time. This limitation is completely unrealistic.

The Banking and Currency Committee itself has recognized the difficulty, yes, the impossibility of attempting to write into law a rigid definition of small business. Therefore, section 3 of the bill, defines a small-business concern in a flexible and realistic manner. The committee did this because it has become universally recognized that it is utterly impossible to define small business rigidly in terms of

number of employees, amount of capitalization, or dollar volume of business. Authorities agree that a business which, on the sole basis of number of employees, properly could be termed small in the steel industry and large in the diamond-cutting industry. We believe it is equally unwise to place, as the committee has done, a rigid limitation on the size of loans.

The experience of the Small Defense Plants Administration affords ample evidence against a \$100,000 limitation on loans.

Most loans recommended by SDPA to the RFC under section 714 of the Defense Production Act of 1950, as amended, have been used to finance defense contracts. This means that most often the small-business contractor needs immediate financing to enable him to employ a larger labor force and to enable his acquisition of inventory required to perform his contract.

If section 714 had contained a \$100,000 limitation, it would have prevented RFC from approving approximately 75 percent of the loans (in dollars) recommended by SDPA. Even with respect to firms employing less than 100 persons, this limitation would have resulted in the disapproval of two-thirds of such loans.

As of March 27, of the total 356 loans which had been made, 127 (or 36 percent) were in an amount in excess of \$100,000.

In the light of this evidence, it would appear preferable to allow the Administrator of the Small Business Administration discretion in tailoring the size of loans to the particular needs of various industries and even individual businesses.



83^D CONGRESS
1ST SESSION

H. R. 5141

[Report No. 494]

IN THE HOUSE OF REPRESENTATIVES

MAY 12, 1953

Mr. HILL introduced the following bill; which was referred to the Committee on Banking and Currency

MAY 28, 1953

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To create the Small Business Administration and to preserve small business institutions and free, competitive enterprise.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Small Business Act of
4 1953".

5 ~~SEC. 2. (a)~~ Believing that a well-balanced economy is a
6 cardinal prerequisite to the continued prosperity and security
7 of the United States, and recognizing that the essence of the
8 American economic system of private enterprise is free com-
9 petition; that only through full and free competition can free
10 markets, free entry into business, and opportunities for the
11 expression and growth of personal initiative and individual

1 judgment be assured; that the preservation and expansion
2 of such competition is basic not only to the economic well-
3 being but to the security of this Nation; and that the en-
4 couragement and development of the actual and potential of
5 small business is vital to the existence of healthy competition;
6 is necessary to the economic stability of all the people; and
7 is indispensable to the security of the United States; it is
8 the declared policy of the Congress that the establishment of
9 a permanent independent agency of the Government to
10 aid, counsel, assist, and protect the interests of small-business
11 concerns is essential to preserve free competitive enterprise;
12 to ensure that a fair proportion of the total purchases and
13 contracts for supplies and services for the Government is
14 placed with small-business enterprises; and to maintain and
15 strengthen the overall economy of small business, of the
16 Nation, and of all its people. In order to carry out this
17 policy there is hereby created an agency under the name
18 "Small Business Administration" (hereinafter referred to as
19 the Administration), which Administration shall be under
20 the general direction and supervision of the President and
21 shall not be affiliated with or be within any other agency
22 or department of the Federal Government. The principal
23 office of the Administration shall be located in the District of
24 Columbia, but the Administration may establish such branch

1 offices in other places in the United States as may be de-
2 termined by the Administrator of the Administration. For
3 purposes of this Act, a small-business concern shall be deemed
4 to be one which is independently owned and operated and
5 which is not dominant in its field of operation. The Admin-
6 istration, in making a detailed definition, may use these
7 criteria, among others: independency of ownership and
8 operation, number of employees, dollar volume of business,
9 and nondominance in its field.

10 ~~(b)~~ The Administration is authorized to obtain money
11 from the Treasury of the United States for use in the per-
12 formance of the powers and duties granted to or imposed
13 upon it by law, not to exceed a total of \$500,000,000 out-
14 standing at any one time. For this purpose appropriations
15 not to exceed \$500,000,000 are hereby authorized to be
16 made to a revolving fund in the Treasury. Advances shall
17 be made to the Administration from the revolving fund when
18 requested by the Administration. This revolving fund shall
19 be used for the purposes enumerated subsequently in section
20 5 ~~(a)~~, ~~(b)~~, and ~~(c)~~. Not to exceed an aggregate of
21 \$400,000,000 shall be outstanding at any one time for the
22 purposes enumerated in section 5 ~~(a)~~. Not to exceed an
23 aggregate of \$100,000,000 shall be outstanding at any one
24 time for the purposes enumerated in section 5 ~~(b)~~ and ~~(c)~~.

1 Reimbursements made to the Administration under these
2 operations shall revert to the revolving fund for use for the
3 same purposes.

4 ~~(c)~~ The management of the Administration shall be
5 vested in an Administrator who shall be appointed from
6 civilian life by the President, by and with the consent of the
7 Senate, and who shall be a person of outstanding qualifica-
8 tions known to be familiar and sympathetic with small busi-
9 ness needs and problems. The Administrator shall receive
10 compensation at the rate of \$17,500 per annum. The
11 Administrator shall not engage in any other business, voca-
12 tion, or employment than that of serving as Administrator.
13 The Administrator is authorized to appoint three deputy
14 administrators to assist in the execution of the functions
15 vested in the Administration. Deputy administrators shall
16 be paid at the rate of \$15,000 per annum.

17 SEC. 3. ~~(a)~~ The Administration shall have power to
18 adopt, alter, and use a seal, which shall be judicially noticed.
19 The Administrator is authorized, subject to the civil service
20 and classification laws, to select, employ, appoint, and fix
21 the compensation of such officers, employees, attorneys, and
22 agents as shall be necessary to carry out the provisions of
23 this Act; to define their authority and duties, require bonds
24 of them, and fix the penalties thereof. The Administration,
25 with the consent of any board, commission, independent

1 establishment, or executive department of the Government,
2 may avail itself of the use of information, services, facilities,
3 including any field service thereof, officers, and employees
4 thereof, in carrying out the provisions of this Act.

5 ~~(b)~~ In the performance of, and with respect to, the
6 functions, powers, and duties vested in him by this Act,
7 the Administrator, notwithstanding the provisions of any
8 other law, may—

9 ~~(1)~~ sue and be sued in any court of record of a
10 State having general jurisdiction, or in any United
11 States district court, and jurisdiction is conferred upon
12 such district court to determine such controversies with-
13 out regard to the amount in controversy: *Provided,*
14 That no attachment, injunction, garnishment, or other
15 similar process, mesne or final, shall be issued against
16 the Administrator or his property;

17 ~~(2)~~ under regulations prescribed by him, assign or
18 sell at public or private sale, or otherwise dispose of
19 for cash or credit, in his discretion and upon such terms
20 and conditions and for such consideration as the Admin-
21 istrator shall determine to be reasonable, any evidence
22 of debt, contract, claim, personal property, or security
23 assigned to or held by him in connection with the pay-
24 ment of loans heretofore or hereafter granted under this
25 Act, and to collect or compromise all obligations assigned

1 to or held by him and all legal or equitable rights
2 accruing to him in connection with the payment of such
3 loans until such time as such obligation may be referred
4 to the Attorney General for suit or collection;

5 (3) deal with, complete, renovate, improve,
6 modernize, insure, or rent, or sell for cash or credit
7 upon such terms and conditions and for such considera-
8 tion as the Administrator shall determine to be reason-
9 able, any real property conveyed to or otherwise
10 acquired by him in connection with the payment of
11 loans granted under this Act;

12 (4) pursue to final collection, by way of com-
13 promise or otherwise, all claims against third parties
14 assigned to the Administrator in connection with loans
15 made by him. This shall include authority to obtain
16 deficiency judgments or otherwise in the case of mort-
17 gages assigned to the Administrator. Section 3709 of
18 the Revised Statutes, as amended (41 U. S. C. 5), shall
19 not be construed to apply to any contract of hazard
20 insurance or to any purchase or contract for services or
21 supplies on account of property obtained by the Admin-
22 istrator as a result of loans made under this Act if the
23 premium therefor or the amount thereof does not exceed
24 \$1,000. The power to convey and to execute in the
25 name of the Administrator deeds of conveyance, deeds

1 of release, assignments and satisfactions of mortgages,
2 and any other written instrument relating to real
3 property or any interest therein heretofore or hereafter
4 acquired by the Administrator pursuant to the provisions
5 of this Act may be exercised by the Administrator or
6 by any officer or agent appointed by him without the
7 execution of any express delegation of power or power
8 of attorney. Nothing in this section shall be construed
9 to prevent the Administrator from delegating such power
10 by order or by power of attorney, in his discretion, to
11 any officer or agent he may appoint;

12 ~~(5)~~ maintain an integral set of accounts with re-
13 spect to activities performed pursuant to sections 5 (a),
14 (b), and (c) of his Act which shall be audited annually
15 by the General Accounting Office in accordance with
16 the principles and procedures applicable to commercial
17 transactions as provided by the Government Corporation
18 Control Act, as amended: *Provided*, That financial
19 transactions of the Administrator, including the settle-
20 ment of actions arising under sections 5 (a), (b), and
21 (c) and transactions related thereto and vouchers
22 approved by the Administrator in connection with such
23 financial transactions, shall be final and conclusive upon
24 all officers of the Government;

25 ~~(6)~~ acquire, in any lawful manner, any property

1 ~~(real, personal, or mixed, tangible or intangible)~~, when-
2 ever deemed necessary or appropriate to the conduct of
3 the activities authorized in section 5 ~~(a)~~ of this Act;
4 and

5 ~~(7)~~ in addition to any powers, functions, privileges,
6 and immunities otherwise vested in him, take any and
7 all actions determined by him to be necessary or desir-
8 able in making, servicing, compromising, modifying,
9 liquidating, or otherwise dealing with or realizing on
10 loans or advances made under the provisions of this Act.

11 ~~(c)~~ To such extent as he finds necessary to carry out
12 the provisions of this Act, the Administrator is hereby
13 authorized to procure the temporary ~~(not in excess of one~~
14 ~~year)~~ or intermittent service of experts or consultants or
15 organizations thereof, including stenographic reporting serv-
16 ices, by contract or appointment, and in such cases such
17 service shall be without regard to the civil service and
18 classification laws, and, except in the case of stenographic
19 reporting services by organizations, without regard to section
20 3709, Revised Statutes, as amended ~~(41 U. S. C. 5)~~.

21 SEC. 4. All moneys of the Administration not otherwise
22 employed may be deposited with the Treasurer of the United
23 States subject to check by authority of the Administration or
24 in any Federal Reserve bank. The Federal Reserve banks
25 are authorized and directed to act as depositaries, custodians,

1 and fiscal agents for the Administration in the general per-
2 formance of its powers conferred by this Act. Any insured
3 banks when designated by the Secretary of the Treasury,
4 shall act as custodians, and financial agents for the Admin-
5 istration.

6 SEC. 5. The Administration is empowered—

7 (a) to make loans or advances in accordance with
8 general policies established by a Small Business Loan
9 Policy Board made up of the Secretaries of Treasury and
10 Commerce and the Administrator, to enable small busi-
11 ness concerns to finance plant construction, conversion,
12 or expansion, including the acquisition of land; or to
13 finance the acquisition of equipment, facilities, ma-
14 chinery, supplies, or materials; or to finance research,
15 development, and experimental work on new or im-
16 proved products or processes; or to supply such con-
17 cerns with working capital to be used in the manufac-
18 ture of articles, equipment, supplies, or materials for
19 war, defense or essential civilian production or as may
20 be necessary to ensure a well-balanced national economy;
21 and such loans or advances may be made or effected
22 either directly or in cooperation with banks or other
23 lending institutions through agreements to participate,
24 or by the purchase of participations: *Provided, however,*

1 That the foregoing powers shall be subject to the fol-
2 lowing restrictions and limitations:

3 ~~(i)~~ No financial assistance shall be extended
4 pursuant to ~~(a)~~ above unless the financial assist-
5 ance applied for is not otherwise available on reason-
6 able terms and all loans made shall be of such
7 sound value or so secured as reasonably to assure
8 repayment;

9 ~~(b)~~ to enter into contracts with the United States
10 Government and any department, agency, or officer
11 thereof having procurement powers obligating the Ad-
12 ministration to furnish articles, equipment, supplies, or
13 materials to the Government;

14 ~~(c)~~ to arrange for the performance of such con-
15 tracts by negotiating or otherwise letting subcontracts to
16 small business concerns or others for the manufacture,
17 supply, or assembly of such articles, equipment, sup-
18 plies, or materials, or parts thereof, or servicing or proe-
19 cessing in connection therewith, or such management
20 services as may be necessary to enable the Administra-
21 tion to perform such contracts; and

22 ~~(d)~~ to provide technical and managerial aids to
23 small-business concerns, by advising and counseling on
24 matters in connection with Government procurement and
25 on policies, principles and practices of good management

1 including but not limited to cost accounting, methods of
2 financing, business insurance, accident control, wage in-
3 centives and methods engineering, by cooperating and ad-
4 vising with voluntary business, professional, educational
5 and other nonprofit organizations, associations, and in-
6 stitutions and with other Federal and State agencies, by
7 maintaining a clearinghouse for information concerning
8 the managing, financing and operation of small-business
9 enterprises, by disseminating such information, and by
10 such other activities as are deemed appropriate by the
11 Administration.

12 SEC. 6. In any case in which the Administration certi-
13 fies to any officer of the Government having procurement
14 powers that the Administration is competent to perform any
15 specific Government procurement contract to be let by any
16 such officer, such officer shall be authorized to let such pro-
17 curement contract to the Administration upon such terms and
18 conditions as may be agreed upon between the Administration
19 and the procurement officer.

20 SEC. 7. (a) Whoever makes any statement knowing it
21 to be false, or whoever willfully overvalues any security, for
22 the purpose of obtaining for himself or for any applicant any
23 loan, or extension thereof by renewal, deferment of action,
24 or otherwise, or the acceptance, release, or substitution of
25 security therefor, or for the purpose of influencing in any

1 way the action of the Administration, or for the purpose of
2 obtaining money, property, or anything of value, under this
3 Act, shall be punished by a fine of not more than \$5,000 or
4 by imprisonment for not more than two years, or both.

5 (b) Whoever, being connected in any capacity with the
6 Administration (A) embezzles, abstracts, purloins, or will-
7 fully misapplies any moneys, funds, securities, or other things
8 of value, whether belonging to it or pledged or otherwise
9 entrusted to it, or (B) with intent to defraud the Adminis-
10 tration or any other body politic or corporate, or any individ-
11 ual, or to deceive any officer, auditor, or examiner of the
12 Administration makes any false entry in any book, report, or
13 statement of or to the Administration, or, without being
14 duly authorized, draws any order or issues, puts forth, or
15 assigns any note, debenture, bond, or other obligation, or
16 draft, bill of exchange, mortgage, judgment, or decree
17 thereof, or (C) with intent to defraud participates, shares,
18 receives directly or indirectly any money, profit, property,
19 or benefit through any transaction, loan, commission, con-
20 tract, or any other act of the Administration, or (D) gives
21 any unauthorized information concerning any future action
22 or plan of the Administration which might affect the value
23 of securities, or, having such knowledge, invests or specu-
24 lates, directly or indirectly, in the securities or property of
25 any company or corporation receiving loans or other assist-

1 anee from the Administration shall be punished by a fine
2 of not more than \$10,000 or by imprisonment for not more
3 than five years, or both.

4 SEC. 8. It shall be the duty of the Administration and
5 it is hereby empowered, whenever it determines such action
6 is necessary—

7 (a) to make a complete inventory of all productive
8 facilities of small-business concerns which can be used for
9 war, defense, or essential civilian production, or to
10 arrange for such inventory to be made by any other
11 governmental agency which has the facilities. In
12 making any such inventory, the appropriate agencies
13 in the several States shall be requested to furnish an
14 inventory of the productive facilities of small-business
15 concerns in each respective State if such an inventory
16 is available or in prospect; and

17 (b) to coordinate and to ascertain the means by
18 which the productive capacity of small-business concerns
19 can be most effectively utilized for war, defense or
20 essential civilian production.

21 SEC. 9. It shall be the duty of the Administration and
22 it is hereby empowered, to consult and cooperate with gov-
23 ernmental departments and agencies in the issuance of all
24 orders or in the formulation of policy or policies in any way
25 affecting small-business concerns. All such governmental

1 departments or agencies are required, before issuing such
2 orders or announcing such policy or policies, to consult and
3 cooperate with the Administration in order that the interests
4 of small-business enterprises may be recognized, protected
5 and preserved.

6 SEC. 10. The Administration shall have power, and it is
7 hereby directed, whenever it determines such action is
8 necessary—

9 (a) to consult and cooperate with officers of the
10 Government having procurement powers, in order to
11 utilize the potential productive capacity of plants oper-
12 ated by small-business concerns;

13 (b) to obtain information as to methods and prac-
14 tices which Government prime contractors utilize in
15 letting subcontracts and to take action to encourage the
16 letting of subcontracts by prime contractors to small-
17 business concerns at prices and on conditions and terms
18 which are fair and equitable;

19 (c) to determine within any industry the concerns,
20 firms, persons, corporations, partnerships, cooperatives,
21 or other business enterprises, which are to be designated
22 “small-business concerns” for the purpose of effectuat-
23 ing the provisions of this Act;

24 (d) to certify to Government procurement officers
25 with respect to the competency, as to capacity and

1 credit, of any small-business concern or group of such
2 concerns to perform a specific Government procurement
3 contract;

4 (e) to obtain from any Federal department, estab-
5 lishment, or agency engaged in procurement or in the
6 financing of procurement or production such reports
7 concerning the letting of contracts and subcontracts and
8 making of loans to business concerns as it may deem
9 pertinent in carrying out its functions under this Act;

10 (f)—to obtain from suppliers of materials informa-
11 tion pertaining to the method of filling orders and the
12 bases for allocating their supply, whenever it appears
13 that any small business is unable to obtain materials
14 from its normal sources for war or defense production
15 or for essential or such other civilian production as is
16 necessary to maintain a well-balanced national economy;

17 (g) to make studies and recommendations to the
18 appropriate Federal agencies to insure a fair and equi-
19 table share of materials, supplies, and equipment to
20 small-business concerns to effectuate war or defense
21 programs, for essential civilian purposes, or for any
22 other purpose deemed essential to a well-balanced
23 national economy;

24 (h) to consult and cooperate with all Government
25 agencies for the purpose of insuring that small-business

1 concerns shall receive fair and reasonable treatment
2 from said agencies; and

3 (i) to establish such advisory boards and commit-
4 tees wholly representative of small business as may be
5 found necessary to achieve the purposes of this Act.

6 SEC. 11. In any case in which a small-business concern
7 or group of such concerns has been certified by or under the
8 authority of the Administration to be a competent Govern-
9 ment contractor with respect to capacity and credit as to a
10 specific Government procurement contract, the officers of the
11 Government having procurement powers are directed to ac-
12 cept such certification as conclusive, and are authorized to let
13 such Government procurement contract to such concern or
14 group of concerns without requiring it to meet any other
15 requirement with respect to capacity and credit.

16 SEC. 12. To effectuate the purposes of this Act, small-
17 business concerns within the meaning of this Act shall receive
18 any award or contract or any part thereof as to which it is
19 determined by the Administration and the contracting pro-
20 curement agencies (A) to be in the interest of mobilizing the
21 Nation's full productive capacity; (B) to be in the interest of
22 war or national defense programs; or (C) to be in the interest
23 of a well-balanced national economy, to make such award or
24 let such contract to a small-business concern.

25 SEC. 13. The Administration shall make a report every

1 six months of operations under this Act to the President,
2 the President of the Senate, and the Speaker of the House of
3 Representatives. Such report shall include the names of
4 the business concerns to whom contracts are let and for
5 whom financing is arranged by the Administration, together
6 with the amounts involved, and such report shall include
7 such other information and such comments and recommenda-
8 tions as the Administration may deem appropriate.

9 SEC. 14. The Administration is hereby empowered to
10 make studies of the effect of price, credit, and other controls
11 imposed under war or defense programs and wherever it
12 finds that these controls discriminate against or impose undue
13 hardship upon small business, to make recommendations to
14 the appropriate Federal agency for the adjustment of con-
15 trols to the needs of small business.

16 SEC. 15. (a) The President may transfer to the Admin-
17 istration any functions, powers, and duties of any department
18 or agency which relate primarily to small-business problems.
19 In connection with any such transfer, the President may
20 provide for appropriate transfers of records, property, neces-
21 sary personnel, and unexpended balances of appropriations
22 and other funds available to the department or agency from
23 which the transfer is made.

24 (b) The President may also provide for such transfers

1 of records, property, and personnel from the Small Defense
2 Plants Administration, during the period of its liquidation, as
3 he considers appropriate to assist the Small Business Admin-
4 istration in carrying out its functions under this Act. The
5 Defense Production Act of 1950, as amended, is further
6 amended by the repeal of section 714 of that Act.

7 SEC 16. No loan shall be recommended or equipment,
8 facilities, or services furnished by the Administration under
9 this Act to any business enterprise unless the owners, part-
10 ners, or officers of such business enterprise ~~(1)~~ certify to the
11 Administration the names of any attorneys, agents, or other
12 persons engaged by or on behalf of such business enterprise
13 for the purpose of expediting applications made to the Ad-
14 ministration for assistance of any sort, and the fees paid or to
15 be paid to any such persons, and ~~(2)~~ execute an agreement
16 binding any such business enterprise for a period of two years
17 after any assistance is rendered by the Administration to such
18 business enterprise, to refrain from employing, tendering any
19 office or employment to, or retaining for professional services,
20 any person who, on the date such assistance or any part
21 thereof was rendered, or within one year prior thereto, shall
22 have served as an officer, attorney, agent, or employee of
23 the Administration occupying a position or engaging in activ-
24 ities which the Administration shall have determined involve

1 discretion with respect to the granting of assistance under
2 this Act.

3 SEC. 17. To the fullest extent the Administration deems
4 practicable, it shall make a fair charge for the use of Govern-
5 ment-owned property and make and let contracts on a basis
6 that will result in a recovery of the direct costs incurred by
7 the Administration.

8 SEC. 18. There are hereby authorized to be appropriated
9 such sums as may be necessary and appropriate for the
10 carrying out of the provisions and purposes of this Act.

11 SEC. 19. If any provision of this Act, or the application
12 thereof to any person or circumstances, is held invalid, the
13 remainder of this Act, and the application of such provision
14 to other persons or circumstances, shall not be affected
15 thereby.

16 *That this Act may be cited as the "Small Business Act of*
17 *1953".*

18 SEC 2. *The essence of the American economic system*
19 *of private enterprise is free competition. Only through full*
20 *and free competition can free markets, free entry into busi-*
21 *ness, and opportunities for the expression and growth of*
22 *personal initiative and individual judgment be assured. The*
23 *preservation and expansion of such competition is basic not*
24 *only to the economic well-being but to the security of this*

1 Nation. Such security and well-being cannot be realized
2 unless the actual and potential of small business is en-
3 couraged and developed. It is the declared policy of the
4 Congress that the Government should aid, counsel, assist,
5 and protect insofar as is possible the interests of small-
6 business concerns in order to preserve free competitive en-
7 terprise, to ensure that a fair proportion of the total pur-
8 chases and contracts for supplies and services for the Gov-
9 ernment be placed with small-business enterprises, and to
10 maintain and strengthen the overall economy of the Nation.

11 SEC. 3. For purposes of this Act, a small-business con-
12 cern shall be deemed to be one which is independently owned
13 and operated and which is not dominant in its field of
14 operation. In addition to the foregoing criteria the Admin-
15 istration, in making a detailed definition, may use these
16 criteria, among others: Number of employees, and dollar
17 volume of business.

18 SEC. 4. (a) In order to carry out this policy there is
19 hereby created an agency under the name "Small Business
20 Administration" (hereinafter referred to as the Administra-
21 tion), which Administration shall be under the general direc-
22 tion and supervision of the President and shall not be
23 affiliated with or be within any other agency or department
24 of the Federal Government. The principal office of the
25 Administration shall be located in the District of Columbia,

1 but the Administration may establish such branch offices in
2 other places in the United States as may be determined by
3 the Administrator of the Administration.

4 (b) The Administration is authorized to obtain money
5 from the Treasury of the United States for use in the per-
6 formance of the powers and duties granted to or imposed
7 upon it by law, not to exceed a total of \$250,000,000 out-
8 standing at any one time. For this purpose appropriations
9 not to exceed \$250,000,000 are hereby authorized to be made
10 to a revolving fund in the Treasury. Advances shall be made
11 to the Administration from the revolving fund when re-
12 quested by the Administration. This revolving fund shall be
13 used for the purposes enumerated subsequently in sections 7
14 (a), (b), and (c). Not to exceed an aggregate of
15 \$150,000,000 shall be outstanding at any one time for the
16 purposes enumerated in section 7 (a). Not to exceed an
17 aggregate of \$100,000,000 shall be outstanding at any one
18 time for the purposes enumerated in sections 7 (b) and (c).

19 (c) The management of the Administration shall be
20 vested in an Administrator who shall be appointed from
21 civilian life by the President, by and with the consent of the
22 Senate, and who shall be a person of outstanding qualifica-
23 tions known to be familiar and sympathetic with small-busi-
24 ness needs and problems. The Administrator shall receive

1 compensation at the rate of \$17,500 per annum. The
2 Administrator shall not engage in any other business, voca-
3 tion, or employment than that of serving as Administrator.
4 The Administrator is authorized to appoint three deputy
5 administrators to assist in the execution of the functions
6 vested in the Administration. Deputy administrators shall
7 be paid at the rate of \$15,000 per annum.

8 (d) There is hereby created the Small Business Advisory
9 Board of the Small Business Administration, which shall
10 consist of the following members, all *ex officio*. The Secretary
11 of the Treasury, as Chairman, the Secretary of Commerce,
12 and the Administrator. Either of the said Secretaries may
13 designate an officer of his Department, who has been appointed
14 by the President by and with the advice and consent of the
15 Senate, to act in his stead as a member of the Small Business
16 Advisory Board with respect to any matter or matters. The
17 Small Business Advisory Board shall establish general
18 policies which shall govern the Administration in carrying
19 out the powers, duties, and authority conferred upon it by the
20 Act. Such general policies shall, among other things, provide
21 the standards (1) for the granting and denial of financial
22 assistance by the Administration, and (2) for exercise of the
23 powers enumerated in sections 7 (b) and (c). It shall also
24 be the duty of the Small Business Advisory Board to periodi-
25 cally review the operations of the Administration and coor-

1 *dinate its functions with other activities and policies of the*
2 *Government.*

3 *SEC. 5. (a) The Administration shall have power to*
4 *adopt, alter, and use a seal, which shall be judicially noticed.*
5 *The Administrator is authorized, subject to the civil service*
6 *and classification laws, to select, employ, appoint, and fix*
7 *the compensation of such officers, employees, attorneys, and*
8 *agents as shall be necessary to carry out the provisions of*
9 *this Act; to define their authority and duties, require bonds*
10 *of them, and fix the penalties thereof. The Administration,*
11 *with the consent of any board, commission, independent*
12 *establishment, or executive department of the Government,*
13 *may avail itself of the use of information, services, facilities,*
14 *including any field service thereof, officers, and employees*
15 *thereof, in carrying out the provisions of this Act.*

16 *(b) In the performance of, and with respect to, the*
17 *functions, powers, and duties vested in him by this Act,*
18 *the Administrator, notwithstanding the provisions of any*
19 *other law, may—*

20 *(1) sue and be sued in any court of record of a*
21 *State having general jurisdiction, or in any United*
22 *States district court, and jurisdiction is conferred upon*
23 *such district court to determine such controversies with-*
24 *out regard to the amount in controversy: Provided,*

1 *That no attachment, injunction, garnishment, or other*
2 *similar process, mesne or final, shall be issued against*
3 *the Administrator or his property;*

4 *(2) under regulations prescribed by him, assign or*
5 *sell at public or private sale, or otherwise dispose of*
6 *for cash or credit, in his discretion and upon such terms*
7 *and conditions and for such consideration as the Admin-*
8 *istrator shall determine to be reasonable, any evidence*
9 *of debt, contract, claim, personal property, or security*
10 *assigned to or held by him in connection with the pay-*
11 *ment of loans heretofore or hereafter granted under this*
12 *Act, and to collect or compromise all obligations assigned*
13 *to or held by him and all legal or equitable rights*
14 *accruing to him in connection with the payment of such*
15 *loans until such time as such obligation may be referred*
16 *to the Attorney General for suit or collection;*

17 *(3) deal with, complete, renovate, improve,*
18 *modernize, insure, or rent, or sell for cash or credit*
19 *upon such terms and conditions and for such considera-*
20 *tion as the Administrator shall determine to be reason-*
21 *able, any real property conveyed to or otherwise acquired*
22 *by him in connection with the payment of loans granted*
23 *under this Act;*

24 *(4) pursue to final collection, by way of compromise*
25 *or otherwise, all claims against third parties assigned*

1 to the Administrator in connection with loans made
2 by him. This shall include authority to obtain de-
3 ficiency judgments or otherwise in the case of mort-
4 gages assigned to the Administrator. Section 3709 of
5 the Revised Statutes, as amended (41 U. S. C. 5), shall
6 not be construed to apply to any contract of hazard
7 insurance or to any purchase or contract for services or
8 supplies on account of property obtained by the Admin-
9 istrator as a result of loans made under this Act if the
10 premium therefor or the amount thereof does not exceed
11 \$1,000. The power to convey and to execute in the
12 name of the Administrator deeds of conveyance, deeds
13 of release, assignments and satisfactions of mortgages,
14 and any other written instrument relating to real
15 property or any interest therein heretofore or hereafter
16 acquired by the Administrator pursuant to the provisions
17 of this Act may be exercised by the Administrator or
18 by any officer or agent appointed by him without the
19 execution of any express delegation of power or power
20 of attorney. Nothing in this section shall be construed
21 to prevent the Administrator from delegating such power
22 by order or by power of attorney, in his discretion, to
23 any officer or agent he may appoint;

24 (5) acquire, in any lawful manner, any property
25 (real, personal, or mixed, tangible or intangible), when-

1 *ever deemed necessary or appropriate to the conduct of*
2 *the activities authorized in section 7 (a) of this Act;*
3 *and*

4 *(6) in addition to any powers, functions, privileges,*
5 *and immunities otherwise vested in him, take any and*
6 *all actions determined by him to be necessary or desir-*
7 *able in making, servicing, compromising, modifying,*
8 *liquidating, or otherwise dealing with or realizing on*
9 *loans or advances made under the provisions of this Act.*

10 *(c) To such extent as he finds necessary to carry out*
11 *the provisions of this Act, the Administrator is hereby au-*
12 *thorized to procure the temporary (not in excess of one year)*
13 *service of experts or consultants or organizations thereof, in-*
14 *cluding stenographic reporting services, by contract or ap-*
15 *pointment, and in such cases such service shall be without*
16 *regard to the civil service and classification laws, and, except*
17 *in the case of stenographic reporting services by organizations,*
18 *without regard to section 3709, Revised Statutes, as amended*
19 *(41 U. S. C. 5).*

20 *SEC. 6. All moneys of the Administration not otherwise*
21 *employed may be deposited with the Treasurer of the United*
22 *States subject to check by authority of the Administration.*
23 *The Federal Reserve banks are authorized and directed to*
24 *act as depositaries, custodians, and fiscal agents for the Ad-*
25 *ministration in the general performance of its powers con-*

ferred by this Act. Any banks insured by the Federal Deposit Insurance Corporation when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

SEC. 7. The Administration is empowered—

(a) to make loans or advances to enable small business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to ensure a well-balanced national economy; and such loans or advances may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: Provided, however, That the foregoing powers shall be subject to the following restrictions and limitations:

(i) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repay-

1 *ment; no participation may be purchased unless it is*
2 *shown that a deferred participation is not available;*
3 *and no loan may be made unless it is shown that a*
4 *participation is not available;*

5 (ii) *No loan or advance shall be granted under*
6 *this Act if the total amount outstanding and com-*
7 *mitted by participation to the borrower from the*
8 *revolving fund established by this Act would exceed*
9 *\$100,000, and no loan, including renewals or ex-*
10 *tensions thereof, may be made for a period or periods*
11 *exceeding ten years; except that any loan made for*
12 *the purpose of constructing industrial facilities may*
13 *have a maturity of ten years plus such additional*
14 *period as is estimated may be required to complete*
15 *such construction;*

16 (iii) *In agreements to participate in loans on a*
17 *deferred basis, such participations by the Admin-*
18 *istration shall not be in excess of 90 per centum of*
19 *the balance of the loan outstanding at the time of*
20 *disbursement.*

21 (b) *to enter into contracts with the United States*
22 *Government and any department, agency, or officer*
23 *thereof having procurement powers obligating the Ad-*
24 *ministration to furnish articles, equipment, supplies, or*
25 *materials to the Government;*

(c) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

(d) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

SEC. 8. The Reconstruction Finance Corporation shall transmit requests for loans from small businesses received by

1 *it after the date of enactment of this Act to the Administra-*
2 *tion for its consideration and possible action.*

3 *SEC. 9. In any case in which the Administration certi-*
4 *fies to any officer of the Government having procurement*
5 *powers that the Administration is competent to perform any*
6 *specific Government procurement contract to be let by any*
7 *such officer, such officer shall be authorized to let such pro-*
8 *curement contract to the Administration upon such terms and*
9 *conditions as may be agreed upon between the Administration*
10 *and the procurement officer.*

11 *SEC. 10. (a) Whoever makes any statement knowing it*
12 *to be false, or whoever willfully overvalues any security, for*
13 *the purpose of obtaining for himself or for any applicant any*
14 *loan, or extension thereof by renewal, deferment of action,*
15 *or otherwise, or the acceptance, release, or substitution of*
16 *security therefor, or for the purpose of influencing in any*
17 *way the action of the Administration, or for the purpose of*
18 *obtaining money, property, or anything of value, under this*
19 *Act, shall be punished by a fine of not more than \$5,000 or*
20 *by imprisonment for not more than two years, or both.*

21 *(b) Whoever, being connected in any capacity with the*
22 *Administration (A) embezzles, abstracts, purloins, or will-*
23 *fully misapplies any moneys, funds, securities, or other things*
24 *of value, whether belonging to it or pledged or otherwise*
25 *entrusted to it, or (B) with intent to defraud the Adminis-*

1 *tration or any other body politic or corporate, or any individ-*
2 *ual, or to deceive any officer, auditor, or examiner of the*
3 *Administration makes any false entry in any book, report, or*
4 *statement of or to the Administration, or, without being*
5 *duly authorized, draws any order or issues, puts forth, or*
6 *assigns any note, debenture, bond, or other obligation, or*
7 *draft, bill of exchange, mortgage, judgment, or decree*
8 *thereof, or (C) with intent to defraud participates, shares,*
9 *receives directly or indirectly any money, profit, property,*
10 *or benefit through any transaction, loan, commission, con-*
11 *tract, or any other act of the Administration, or (D) gives*
12 *any unauthorized information concerning any future action*
13 *or plan of the Administration which might affect the value*
14 *of securities, or, having such knowledge, invests or specu-*
15 *lates, directly or indirectly, in the securities or property of*
16 *any company or corporation receiving loans or other assist-*
17 *ance from the Administration shall be punished by a fine*
18 *of not more than \$10,000 or by imprisonment for not more*
19 *than five years, or both.*

20 *SEC. 11. It shall be the duty of the Administration and*
21 *it is hereby empowered, whenever it determines such action*
22 *is necessary—*

23 *(a) to make a complete inventory of all productive*
24 *facilities of small-business concerns which can be used for*
25 *war or defense production, or to arrange for such inven-*

1 *tory to be made by any other governmental agency which*
2 *has the facilities. In making any such inventory, the*
3 *appropriate agencies in the several States may be re-*
4 *quested to furnish an inventory of the productive facilities*
5 *of small-business concerns in each respective State if such*
6 *an inventory is available or in prospect; and*

7 *(b) to coordinate and to ascertain the means by*
8 *which the productive capacity of small-business concerns*
9 *can be most effectively utilized for war or defense*
10 *production.*

11 *SEC. 12. When directed by the President, it shall be the*
12 *duty of the Administration to consult and cooperate with*
13 *governmental departments and agencies in the issuance of all*
14 *orders or in the formulation of policy or policies in any way*
15 *affecting small-business concerns. When directed by the Pres-*
16 *ident all such governmental departments or agencies are*
17 *required, before issuing such orders or announcing such*
18 *policy or policies, to consult and cooperate with the Admin-*
19 *istration in order that the interests of small-business enter-*
20 *prises may be recognized, protected, and preserved.*

21 *SEC. 13. The Administration shall have power, and it is*
22 *hereby directed, whenever it determines such action is*
23 *necessary—*

24 *(a) to consult and cooperate with officers of the*
25 *Government having procurement powers, in order to*

utilize the potential productive capacity of plants operated by small-business concerns;

(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this Act;

(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this Act;

(f) to obtain from suppliers of materials informa-

1 *tion pertaining to the method of filling orders and the*
2 *bases for allocating their supply, whenever it appears*
3 *that any small business is unable to obtain materials*
4 *from its normal sources for war or defense production;*

5 *(g) to make studies and recommendations to the*
6 *appropriate Federal agencies to insure a fair and equi-*
7 *table share of materials, supplies, and equipment to*
8 *small-business concerns to effectuate war or defense*
9 *programs;*

10 *(h) to consult and cooperate with all Government*
11 *agencies for the purpose of insuring that small-business*
12 *concerns shall receive fair and reasonable treatment*
13 *from said agencies; and*

14 *(i) to establish such advisory boards and commit-*
15 *tees wholly representative of small business as may be*
16 *found necessary to achieve the purposes of this Act.*

17 *SEC. 14. In any case in which a small-business concern*
18 *or group of such concerns has been certified by or under the*
19 *authority of the Administration to be a competent Govern-*
20 *ment contractor with respect to capacity and credit as to a*
21 *specific Government procurement contract, the officers of the*
22 *Government having procurement powers are directed to ac-*
23 *cept such certification as conclusive, and are authorized to let*

1 such Government procurement contract to such concern or
2 group of concerns without requiring it to meet any other
3 requirement with respect to capacity and credit.

4 SEC. 15. To effectuate the purposes of this Act, small-
5 business concerns within the meaning of this Act shall receive
6 any award or contract or any part thereof as to which it is
7 determined by the Administration and the contracting pro-
8 curement agencies (A) to be in the interest of mobilizing the
9 Nation's full productive capacity, or (B) to be in the interest
10 of war or national defense programs.

11 SEC. 16. The Administration shall make a report every
12 six months of operations under this Act to the President,
13 the President of the Senate, and the Speaker of the House of
14 Representatives. Such report shall include the names of
15 the business concerns to whom contracts are let and for
16 whom financing is arranged by the Administration, together
17 with the amounts involved, and such report shall include
18 such other information and such comments and recommenda-
19 tions as the Administration may deem appropriate.

20 SEC. 17. The Administration is hereby empowered to
21 make studies of the effect of price, credit, and other controls
22 imposed under war or defense programs and wherever it
23 finds that these controls discriminate against or impose undue

1 *hardship upon small business, to make recommendations to*
2 *the appropriate Federal agency for the adjustment of con-*
3 *trols to the needs of small business.*

4 *SEC. 18. (a) The President is authorized to consult*
5 *with representatives of small-business concerns with a view*
6 *to encouraging the making by such persons with the approval*
7 *by the President of voluntary agreements and programs to*
8 *further the objectives of this Act.*

9 *(b) No act or omission to act pursuant to this Act*
10 *which occurs while this Act is in effect, if requested by the*
11 *President pursuant to a voluntary agreement or program*
12 *approved under subsection (a) and found by the President*
13 *to be in the public interest as contributing to the national*
14 *defense shall be construed to be within the prohibition of the*
15 *antitrust laws or the Federal Trade Commission Act of the*
16 *United States. A copy of each such request intended to be*
17 *within the coverage of this section, and any modification or*
18 *withdrawal thereof, shall be furnished to the Attorney General*
19 *and the Chairman of the Federal Trade Commission when*
20 *made, and it shall be published in the Federal Register unless*
21 *publication thereof would, in the opinion of the President,*
22 *endanger the national security.*

23 *(c) The authority granted in subsection (b) shall be*
24 *delegated only (1) to an official who shall for the purpose of*

1 such delegation be required to be appointed by the President
2 by and with the advice and consent of the Senate, and
3 (2) upon the condition that such official consult with the
4 Attorney General and with the Chairman of the Federal
5 Trade Commission not less than ten days before making any
6 request or finding thereunder, and (3) upon the condition that
7 such official obtain the approval of the Attorney General to
8 any request thereunder before making the request.

9 (d) Upon withdrawal of any request or finding made
10 hereunder the provisions of this section shall not apply to any
11 subsequent act or omission to act by reason of such finding or
12 request.

13 SEC. 19. (a) The President may transfer to the Admin-
14 istration any functions, powers, and duties of any department
15 or agency which relate primarily to small-business problems.
16 In connection with any such transfer, the President may
17 provide for appropriate transfers of records, property, neces-
18 sary personnel, and unexpended balances of appropriations
19 and other funds available to the department or agency from
20 which the transfer is made.

21 (b) The President may also provide for such transfers
22 of records, property, and personnel from the Small Defense
23 Plants Administration, during the period of its liquidation, as
24 he considers appropriate to assist the Small Business Admin-

1 istration in carrying out its functions under this Act. The
2 Defense Production Act of 1950, as amended, is further
3 amended by the repeal of section 714 of that Act.

4 SEC. 20. No loan shall be made or equipment, facilities,
5 or services furnished by the Administration under this Act
6 to any business enterprise unless the owners, partners, or
7 officers of such business enterprise (1) certify to the Admin-
8 istration the names of any attorneys, agents, or other persons
9 engaged by or on behalf of such business enterprise for
10 the purpose of expediting applications made to the Ad-
11 ministration for assistance of any sort, and the fees paid or to
12 be paid to any such persons; (2) execute an agreement bind-
13 ing any such business enterprise for a period of two years
14 after any assistance is rendered by the Administration to such
15 business enterprise, to refrain from employing, tendering any
16 office or employment to, or retaining for professional services,
17 any person who, on the date such assistance or any part
18 thereof was rendered, or within one year prior thereto, shall
19 have served as an officer, attorney, agent, or employee of
20 the Administration occupying a position or engaging in activ-
21 ities which the Administration shall have determined involve
22 discretion with respect to the granting of assistance under
23 this Act; and (3) shall furnish the names of lending institu-
24 tions to which such business enterprise has applied for loans
25 together with dates, amounts, terms, and proof of refusal.

1 *SEC. 21. To the fullest extent the Administration deems*
2 *practicable, it shall make a fair charge for the use of Govern-*
3 *ment-owned property and make and let contracts on a basis*
4 *that will result in a recovery of the direct costs incurred by*
5 *the Administration.*

6 *SEC. 22. There are hereby authorized to be appropriated*
7 *such sums as may be necessary and appropriate for the*
8 *carrying out of the provisions and purposes of this Act.*

9 *SEC. 23. If any provision of this Act, or the application*
10 *thereof to any person or circumstances, is held invalid, the*
11 *remainder of this Act, and the application of such provision*
12 *to other persons or circumstances, shall not be affected*
13 *thereby.*

83^d CONGRESS
1ST SESSION

H. R. 5141

[Report No. 494]

A BILL

To create the Small Business Administration
and to preserve small business institutions
and free, competitive enterprise.

By Mr. Hull

MAY 12, 1953

Referred to the Committee on Banking and Currency

MAY 28, 1953

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

June 4, 1953
June 3, 1953
83rd-1st, No. 101

CONTENTS

Access roads.....1	Economic controls.....11	Organization.....13
Adjournment.....6	Electrification.....4	Personnel.....1
Appropriations.....1,4,5,8	Experiment stations.....3	Reorganization.....7,21
Budget.....20	Flammable fabrics.....9,24	Report.....3
Buildings.....16	Foreign aid.....5	St. Lawrence seaway.....2,19
CCC pea sales.....10	Forest highways.....1	Small business.....14
Conservation.....18	Housing, farm.....12	Taxation.....20
Contracts.....23	Lands, grazing.....17	T.V.A.....4
Credit union.....25	Legislative program.....6	Trade, foreign.....22
Disbursing.....15	Loans, housing.....12	Veterans' benefits.....12

HIGHLIGHTS: Senate debated State, Justice, Commerce appropriation bill. Senate Subcommittee approved for reporting to full committee USDA appropriation bill. House rejected motion to consider resolution disapproving USDA reorganization plan. House passed flammable fabrics bill. House committee reported bills establishing commissions on intergovernmental relations and organization.

SENATE

1. APPROPRIATIONS. Continued debate on H.R. 4974, the State, Justice, Commerce appropriation bill for 1954 (pp. 6175, 6182-223). Rejected, 35-36, a motion to suspend the rules to permit consideration en bloc of three Carlson amendments granting heads of the State, Justice and Commerce Departments complete discretion to terminate the services of employees outside the competitive civil service (pp. 6217-21). Agreed to committee amendments providing \$14,000,000 for forest highways, and \$5,500,000 for access roads (p. 6201).
The Appropriations Subcommittee approved for reporting to the full committee with amendments H.R. 5227, the Agriculture appropriation bill for 1954 (p. D500).
2. ST. LAWRENCE SEAWAY. The Foreign Relations Subcommittee ordered reported to the full committee with amendments S. 589, to create the St. Lawrence Seaway Development Corporation (p. D501).
3. EXPERIMENT STATIONS. Received a printed copy of USDA's report on the agricultural experiment stations for 1952, which is to take place of a typewritten report received Jan. 2; to Agriculture and Forestry Committee (p. 6170).
4. TVA. Sen. Kefauver urged appropriation of additional funds for more power-generating facilities for TVA, and inserted a Tenn. Railroad and Public Utilities Comm. resolution on this subject (pp. 6170-1).

5. FOREIGN AID. Sen. Wiley spoke "on the crucial importance of the United Nations International Children's Emergency Fund," and inserted various messages urging continued U. S. support and appropriations for this fund (pp. 6174-5).
6. LEGISLATIVE PROGRAM as announced by the acting majority leader: Thurs., after completion of the State, Justice, Commerce appropriation bill, the Senate will consider 3 "noncontroversial" bills, including S. 690, authorizing GSA to enter into lease-purchase agreements covering real property; and S. 1461, concerning common carriers' requests for increased rates; and then "the acting majority leader would propose that the Senate recess until Monday" (p. 6213).

HOUSE

7. REORGANIZATION. Approved Reorganization Plan No. 2, for this Department, by rejecting, 128-261, a motion to consider H. Res. 236 disapproving this plan. Reps. Fountain, Abernethy, and Hope analyzed the reorganization plan and inserted statements made by the Secretary and his staff on this and former reorganization plans of the Department (pp. 6136-51). This plan goes into effect today, June 4.
8. APPROPRIATIONS. Passed H.R. 5471, the D. C. appropriation bill for 1954 (pp. 6135-36).
9. FLAMMABLE FABRICS. Passed with a clarifying amendment H.R. 5069, to prohibit movement in interstate commerce of highly flammable fabrics and wearing apparel (pp. 6155-64).
10. CCC PEA SALES. The "Daily Digest" states: "The Hoeven subcommittee announced today that public hearings have been scheduled for Wednesday morning, June 17, to study the CCC sale of 80,000 tons of Austrian winter peas to 3 west-coast concerns" (p. D503).
11. ECONOMIC CONTROLS. The "Daily Digest" states that the Banking and Currency Committee, in consideration of S. 1081, providing for temporary economic controls, "agreed unanimously to strike all of title 8 out of the bill, which provided for a 90-day freeze on prices, wages, services, etc., in the case of emergency. Also struck out of title 6 all the provisions concerning consumer credit and real-estate credit controls." (p. D503).
12. FARM HOUSING. The Veterans' Affairs Committee reported without amendment H.R. 5456, extending to June 30, 1954 the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title 3 of the Servicemen's Readjustment Act of 1944 (H.Rept. 501) (p. 6167).
13. ORGANIZATION. The Government Operations Committee reported with amendment H.R. 4406 and H.R. 992, to establish commissions on intergovernmental relations and organization of the Executive Branch (H. Repts. 504 and 505). The Rules Committee reported resolutions providing for consideration of these bills (p. 6167).
14. SMALL BUSINESS. The Rules Committee reported a resolution for the consideration of H.R. 5141, to create the Small Business Administration (p. 6167).
15. DISBURSING. The Government Operations Committee reported without amendment H.R. 3770, to amend the act of Dec. 23, 1944, authorizing certain transactions by disbursing officers (H. Rept. 511). A resolution for consideration of this bill was also reported (p. 6167).

CONSIDERATION OF H. R. 5141

JUNE 3, 1953.—Referred to the House Calendar and ordered to be printed

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 265]

The Committee on Rules, having had under consideration House Resolution 265, report the same to the House with the recommendation that the resolution do pass.

26008



House Calendar No. 63

83^D CONGRESS
1ST SESSION

H. RES. 265

[Report No. 506]

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 1953

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 5141) to create
5 the Small Business Administration and to preserve small
6 business institutions and free, competitive enterprise, and all
7 points of order against such bill are hereby waived. After
8 general debate, which shall be confined to the bill, and shall
9 continue not to exceed two hours, to be equally divided and
10 controlled by the chairman and ranking minority member
11 of the Committee on Banking and Currency, the bill shall
12 be read for amendment under the five-minute rule. It shall

1 be in order to consider without the intervention of any point
2 of order the substitute amendment recommended by the
3 Committee on Banking and Currency now in the bill, and
4 such substitute for the purpose of amendment shall be con-
5 sidered under the five-minute rule as an original bill. At the
6 conclusion of such consideration the Committee shall rise and
7 report the bill to the House with such amendments as may
8 have been adopted, and any member may demand a sepa-
9 rate vote in the House on any of the amendments adopted
10 in the Committee of the Whole to the bill or committee sub-
11 stitute. The previous question shall be considered as or-
12 dered on the bill and amendments thereto to final passage
13 without intervening motion except one motion to recommit.

83^d CONGRESS
1ST Session

H. RES. 265

[Report No. 506]

RESOLUTION

Providing for the consideration of H. R. 5141,
a bill to create the Small Business Adminis-
tration and to preserve small business insti-
tutions and free, competitive enterprise.

By Mr. ALLEN of Illinois

JUNE 3, 1953

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

June 5, 1953
June 4, 1953
83rd-1st, No. 102

CONTENTS

Adjournment.....	22	Foreign aid.....	13	Report.....	7
Animal diseases.....	30	Hawaii statehood.....	8	Research.....	15
Appropriations.....	9,12	Highways.....	12	Retirement.....	19
Blackberry jam.....	11	Holidays.....	6	Rubber.....	28
Conservation.....	25	Housing.....	18	School-lunch program.....	9
Economic controls.....	2	Interest rates.....	18	Small business.....	4,23
Disbursing.....	3	Lands, grazing.....	27	Surplus commodities.....	29
Electrification.....	10	Legislative program.....	22	Taxation.....	24
Expenditures.....	21	Organization.....	1	Trade, foreign.....	10,26
Export control.....	16	Personnel.....	19,21,32	Treaties.....	20
Farm credit.....	7	Prices, parity.....	31	Wheat.....	13,14
Flood control.....	17	Reorganization.....	5		

HIGHLIGHTS: Senate passed State, Justice, Commerce appropriation bill. Sen. Humphrey urged support for his bill to ship surplus wheat to Pakistan. Sen. Schoepel criticized F & DA's wheat cleanup program. Sen. Humphrey criticized reduction in USDA research funds. House passed bills establishing commissions on intergovernmental relations and organization. House committee ordered reported economic controls bill. Sen. Young introduced and discussed bill authorizing barter of surplus commodities for foreign military supplies. Sen. Aiken introduced bill for control of scrapie and blue tongue in sheep. Sen. Williams introduced and discussed bill limiting 90% parity support to 1953 crops.

HOUSE

- 1. ORGANIZATION.** Passed S. 1514, to establish a Commission on Intergovernmental Relations, with an amendment substituting the provisions of H.R. 4406, which had previously been passed with amendments (pp. 6290-308).
Passed S. 106, to establish a Commission on Organization of the Executive Branch, with an amendment substituting the provisions of H.R. 992, which had previously been passed as reported (pp. 6309-12).
- 2. ECONOMIC CONTROLS.** The Banking and Currency Committee ordered reported (but did not actually report) S. 1081, providing for temporary economic controls, with an amendment in the form of a substitute which "eliminates the wage, price and services freeze provisions, as well as all credit control provisions passed by the Senate; approved section 104 (fats and oils control provisions) as contained in the 1952 act; extends for 1 year instead of 2" (p. D512).
- 3. DISBURSING.** Passed without amendment S. 1307, amending the act of Dec. 23, 1944, authorizing certain transactions by disbursing officers (pp. 6308-09). This bill will now be sent to the President.
- 4. SMALL BUSINESS.** Adopted a resolution for the consideration of H.R. 5141, to create a Small Business Administration, but deferred consideration of the bill until today, June 5 (pp. 6312-13).

5. REORGANIZATION. Rep. Fountain was permitted to make certain corrections in the record of June 3 on the debate on Reorganization Plan No. 2 for this Department (pp. 6287-88).
6. HOLIDAYS. Rep. Hand spoke in favor of H. Con. Res. 14, to bring about observance of holidays on the Monday nearest to the day on which each such holiday occurs, and inserted a Philadelphia Bulletin article on this subject (p. 6308).
7. FARM CREDIT. Both Houses received the FCA audit report for the fiscal year 1952 (H. Doc. 165) (pp. 6232, 6324).
8. HAWAII. Received an Hawaii Legislature resolution favoring S. 49, Hawaii Statehood bill (p. 6325).
9. SCHOOL LUNCH. Received a Massachusetts Legislature memorial in opposition to a reduction of the national school lunch program appropriation (p. 6325).
10. FOREIGN TRADE; ELECTRIFICATION. Rep. Smith (Miss.) spoke on the costs to the American taxpayers of the Buy-American Act, using the Chief Joseph Dam case as an example (p. 6289).
11. BLACKBERRY JAM. Rep. Angell inserted an article on the development of wild-cross blackberry jam in Willamette Valley, Oregon (p. 6287).

SENATE

12. APPROPRIATIONS. Passed with amendments H. R. 4974, the State, Justice, Commerce appropriation bill for 1954 (pp. 6254-69, 6271-80). Rejected a Douglas amendment barring funds to any State for Federal-aid highways which submits programs therefor in excess of 95% of amounts apportioned to that State for the fiscal year 1955 (pp. 6276-80). Sens. Bridges, Saltonstall, Ferguson, Smith (N. J.), McCarran, Ellender, and Hill were appointed conferees (p. 6280).
13. FOREIGN AID. Sen. Humphrey urged support for his bill, S. 1782, to ship surplus wheat and other commodities to Pakistan, saying, "the administration would do well to offer its support, and not to insist upon having a special Republican bill introduced" (p. 6248).
Sen. Wiley inserted a National Council of the Churches of Christ in the U.S.A. resolution favoring shipment of surplus wheat to Pakistan (p. 6233).
Sen. Humphrey inserted a summary of the American Farm Bureau Federation's recommendations on foreign aid legislation (pp. 6283-4).
14. WHEAT INFESTATION. Sen. Schoepfel criticized the "announced purpose" of the Food and Drug Admin. to divert all insect-infested wheat to animal feed, and claimed the Food, Drug, and Cosmetic Act is so severe in its application as to prevent legal wheat shipments "out of the borders of my State" (pp. 6281-2).
15. RESEARCH FUNDS. Sen. Humphrey criticized the administration's cut in agriculture research funds, and inserted a New York Times article discussing President Eisenhower's recent visit to the Beltsville Research Center (pp. 6284-5).
16. EXPORT CONTROL. Agreed to the House amendment to S. 1739, providing for continuation of authority for regulating exports (p. 6253). This bill will now be sent to the President.

17. FLOOD CONTROL. Agreed to the House amendment to S. 117, amending section 7 of the Flood Control Act of 1941 relating to the apportionment of moneys received on account of the leasing of lands acquired by the U. S. for flood control purposes (p. 6253). This bill will now be sent to the President.
18. HOUSING; INTEREST RATES. The Banking and Currency Subcommittee ordered reported to the full committee with amendments S. 1993, to amend the National Housing Act and the Servicemen's Readjustment Act of 1944 with respect to maximum interest rates (pp. D508-9).
19. PERSONNEL. Sen. George inserted a letter from former Civil Service Commissioner Ramspeck answering Sen. Williams' charge that he used his position to circumvent the Whitten promotion rider (pp. 6246-47).
Sen. Williams urged amendment of the civil service retirement law to prevent citizens of foreign countries from receiving its benefits as is now the case (pp. 6269-71).
20. TREATIES. The Judiciary Committee ordered reported (but did not actually report) with amendments S. J. Res. 1, restricting the President's treaty-making power (p. D510).
21. EXPENDITURES; PERSONNEL. Sen. Byrd inserted his statements on behalf of the Joint Committee on Reduction of Nonessential Federal Expenditures relating to unexpended balances of Federal appropriations, and on civilian employment in the executive branch (pp. 6249-53).
22. RECESSED until Mon., June 8. The legislative program as announced by the acting majority leader: Mon., calendar; "and if the agricultural appropriation bill is not ready for consideration by Tuesday, I would probably move...to have the Senate take a recess from Monday evening to Wednesday; and if the Agricultural appropriations bill is ready for consideration on Wednesday, we could proceed to consider it then" (pp. 6273-4).

ITEMS IN APPENDIX

23. SMALL BUSINESS. Extension of remarks of Rep. Barrett favoring H.R. 5141, to create the Small Business Administration (p. A3361).
24. TAX PROGRAM. Rep. Moss inserted a Woodland (Calif.) Democrat editorial commenting on the President's tax program and urging congressional support (p. A3365).
25. CONSERVATION. Extension of remarks of Rep. Dodd pointing out his concern over what he believes to be "a studied effort to undermine our national conservation program" and his insertion of three newspaper editorials opposing "legislation that will mean the plundering of public lands" (pp. A3365-7).
26. FOREIGN TRADE. Rep. Boggs inserted an Action editorial commenting on a radio debate between himself and Sen. Malone in which he favored the encouragement of trade with our allies as a means of lessening the aid necessary (pp. A3373-4).
27. GRAZING LANDS. Rep. Buchanan inserted a Labor editorial opposing H.R. 4023, the stockmen's grazing bill (pp. A3385-6).
Extension of remarks of Rep. Metcalf stating that "Sen. Mansfield is disturbed, as are a lot of us, over the lack of the customary departmental reports at the time hearings were held on this far-reaching bill" and including a Great

Falls (Mont.) Tribune article which quoted Interior Secretary McKay as saying H.R. 4023, the stockmen's bill, is a "lousy bill" (p. A3386).

BILLS INTRODUCED

28. RUBBER. S. 2047, by Sens. Capehart and Bricker, to amend the Rubber Act of 1948, as amended, to provide for the sale of Government-owned rubber-producing facilities, to repeal and modify certain of its provisions affected thereby, etc.; to Banking and Currency Committee (pp. 6240-41). Remarks of author (pp. 6241-4).
29. SURPLUS COMMODITIES. S. 2048, by Sen. Young et al, to provide for the use of surplus agricultural commodities in paying for offshore purchases of military supplies and other goods and services; to Agriculture and Forestry Committee (p. 6241). Remarks of author (pp. 6244-5).
30. ANIMAL DISEASES. S. 2055, by Sen. Aiken, to amend the act of May 29, 1884, as amended, to provide for the control and eradication of scrapie and blue tongue in sheep, and incipient or potentially serious minor outbreaks of diseases of animals; to Agriculture and Forestry Committee (p. 6241).
31. PARITY PRICES. S. 2061, by Sen. Williams, to amend section 101 (d) (6) of the Agricultural Act of 1949 so as to limit to the 1953 crop the requirement that the prices of basic agricultural commodities be supported at 90 percent of parity; to Agriculture and Forestry Committee (p. 6241). Remarks of author (pp. 6245-6).
32. PERSONNEL. H.R. 5556, by Rep. Fino, to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide that employees with at least 30 years of service may retire with full annuities at 55 years of age; to Post Office and Civil Service Committee (p. 6325).

-0-

COMMITTEE HEARINGS ANNOUNCEMENTS FOR JUNE 5: Wheat marketing quotas, H. Agriculture National forest-reclamation lands recreation bill (Sieker, Grover, FS, to testify) and Eklutna project, Alaska, H. Interior and Insular Affairs Subcommittee.

-0-

For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 105A.

-0-

Those taxes were fine for counties in commercial areas such as Baltimore County and Anne Arundel County, outside of Baltimore City, but for Montgomery County and Prince Georges County the yield in revenue was practically worthless, because we simply did not have the business there from which to get the tax. So when you say there are taxes in other communities which are not levied in the District, that is true, but, even if they were levied here in the District you probably would not get sufficient revenue from them to do you any good.

I believe that where the principal business is the business of the Government, that business must pay its fair share of the expense of running that government, just as a private business would. Certainly the amount provided in this bill is little enough, taking into consideration what they would be paying if they were a private business taking up the same amount of space and receiving the same services the Federal Government does.

The Small Business Act of 1953 (H. R. 5141)

EXTENSION OF REMARKS OF

HON. WILLIAM A. BARRETT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 4, 1953

Mr. BARRETT. Mr. Speaker, I was delighted to join with my colleagues, Democrats and Republicans alike, on the Banking and Currency Committee, in favorably reporting H. R. 5141 to the House. Small business is certainly a subject upon which there is no room for partisanship. In 1950 I gave my unqualified endorsement to the establishment of the Small Defense Plants Administration. SDPA was intended to be a temporary agency, but I believe all agree that it has done a truly outstanding, yes, a magnificent job on behalf of the American small-business man. Here, today, we are establishing a permanent agency. We are telling the American small-business man that in the future there will always be an agency here in the Nation's Capital whose sole duty will be to represent him. We are charging that new agency, the Small Business Administration, with the duty of protecting and serving the interest of the small-business man much in the manner as those of the farmer are now promoted by the Department of Agriculture.

Nevertheless, while I am giving my wholehearted support to this measure and believe that the Banking and Currency Committee is to be congratulated upon the overall job it has done on this bill, I feel that it has committed two grievous errors. In the first place, although H. R. 5141 prescribes that the new Small Business Administration shall not be affiliated with or be within any other agency or department of the Federal Government, the agency, in fact, will be run by the Secretaries of Com-

merce and Treasury. These two gentlemen comprise the majority of the so-called Small Business Advisory Board, which, according to the bill, shall establish general policies for the SBA.

This puts the small business agency in a role which we in Congress have consistently fought—that is, the tail to somebody else's dog. We have always insisted that the small business agency be completely independent of the Department of Commerce or any other department or bureau. There are very good historical and logical reasons for this, not the least of which is that putting small business in the Department of Commerce has just never worked out. I predict that we shall receive a storm of protest from small-business men the country over if we adopt this approach to the problem.

I feel that the committee has also erred in limiting small business loans to \$100,000. Now \$100,000 is without question a great sum of money and a loan of \$100,000, or of \$25,000 for that matter, would no doubt provide many small business concerns with the help they need to finance their production of defense and essential civilian goods.

It goes without saying that in cases where loans of \$100,000 or lesser amounts will suffice, this new small business agency will so restrict them. It is obvious, it seems to me, that there is no wisdom, and there may be great harm to the small business concerned, in loaning more than it may legitimately be expected to need. I agree with the principle that loans should not be any larger than absolutely necessary.

On the contrary, my objection to this arbitrary loan limit of \$100,000 is based on the solid ground that it is completely unrealistic. I say this because of the experience of the Small Defense Plants Administration.

The bulk of the small business loans recommended by the SDPA to RFC under section 714 of the Defense Production Act of 1950, as amended, were to finance defense contracts. In other words, the small-business man had a Government contract, but he needed immediate financing to enable him to employ more people and purchase the raw materials required by the contract. In my own city of Philadelphia, most of the loans granted under the SDPA-RFC lending program have been well under \$100,000, but in some cases, it was necessary to exceed this figure in order to best serve the interests of the country in fulfilling our defense needs.

If this \$100,000 limitation had been in effect, nearly three-quarters of the loans, in dollar amount, made to small business on recommendation of the SDPA could not have been made. The average loan under this program, as a matter of fact, is \$125,000.

I understand that amendments are to be offered to correct these two major defects in the bill. I intend to support those amendments. However, should they not prevail I shall still vote for this measure. I shall do this although I feel that the bill, containing as it does the two deficiencies already described, leaves much to be desired and is in many respects inferior to the present SDPA.

SDPA is scheduled to die on June 30 and the RFC is not to be renewed when it expires next year. With the demise of these two agencies, American small business would be left in an almost hopeless position. It is, therefore, imperative that this Congress afford to small business at least the minimum assistance and protection provided for in H. R. 5141.

Winter Hospital

EXTENSION OF REMARKS OF

HON. HOWARD S. MILLER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 4, 1953

Mr. MILLER of Kansas. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from the Topeka State Journal of May 30, 1953:

DITCH THE VET HOSPITALS?

Lest we forget?
Was that to be it?—always?
We are forgetting.

People have grown stone blind to the purpose of Memorial Day. Having fun gets in the way. Too busy squatting in an easy chair or tearing around raising hell to think about those whose suffering bought this or any holiday.

To think that holiday came from holy day. But a lot of Americans are not having fun. A lot of Americans are not having a 3-day whee.

Those Americans are not only the men in this war—God be with them today—they are the broken or breaking men in the veterans hospitals. They are the men who already have fought the good fight, for whom nothing was to have been too good. Remember how we all used to orate around about that?

And some of the veterans in hospitals who are having the least fun at all on this holiday, this whopping weekend, are the veterans who've had a crackup. The ones who are mentally sick, lonely, almost the last best hope gone, their lives lived and almost lost the while.

Yet so few care about, and care for, so many.

In their case, about the only thing we have to be thankful for is the little, undermanned, overworked corps of doctors, nurses, aides, technicians, and staffers who do give a hoot for the succor and happiness of those men.

Why do we choose a day like this one to say so?

Look no farther than Winter VA hospital here in Topeka for the public forgetfulness were talking about.

Lest we forget? Let's look.

Winter Hospital was built during the war. It was an Army hospital put up in a hurry as a temporary structure. After the war Uncle Sam turned it to the care of veterans. Uncle Sam's wonderful idea was to create a model hospital, a pilot of its kind, for the treatment and rehabilitation especially of the wounded in mind, although the more visible wounds of the body would be cared for too. The main reason Uncle Sam picked Topeka was because here he could get the advice and active help of some of the best psychiatrists in America—some say the world.

This was done, and before very long men from all over the globe, who know about these things, who understand and care about this kind of suffering, were soon beating a path to Topeka to see what one U. N. official called the best hospital in the world. The

dedicated specialists in mental health who were here in Topeka, did this. Where else could Uncle Sam have gotten in one place as much eager and expert competence, willing and anxious to help, as he did get here through the enthusiastic cooperation of the Drs. Menninger and their associates?

That's what made Winter VA hospital something special.

It is still special, but the dilapidated temporary buildings that Uncle Sam said he would replace are still here. The great heart of the hospital still beats inside, but just as a human heart can't function properly without its healthy shell of flesh, so the hospital can't go on in those beat-up shanties.

Uncle Sam has decided in Washington that he thinks he will cut off the promised funds for a new hospital—funds promised to sick veterans, not to Topeka or to Kansas or anything else. He also thinks he wants to cut down the funds to run the hospital even as it is.

He overlooks the special nature of Winter VA hospital.

Uncle Sam is overlooking the fact that a hospital so specialized as this one has to have special facilities, most of all of personnel. Winter can't just be like the average hospital. It has special needs, and in return for those provisions it offers the Nation something else very special.

Winter VA is a training hospital as well as a treatment center. It is a place where the best specialists are available to train young doctors to become psychiatrists. It trains nurses and aides and technicians in the special disciplines needed to handle mental illness, so much of which is curable if the man-hours of trained physicianship and loving care are available.

If Uncle Sam cripples Winter VA hospital now, by declining to build the new hospital or by refusing it a needed blood transfusion of funds, he will cripple the whole concept with which he made such a fine beginning. The Nation needs the men trained here. Men can be trained here, if we can have a stabilized veterans' medical program, who can continue to go out to staff other hospitals needing specialized personnel. Yet other hospitals are built that can't be staffed. The shortage of trained personnel to handle the increasing load of mental illness from war and its aftermath has been a sore spot for years.

The effort now being made to save the new hospital appropriation and operating funds is not any bigger and better appropriations deal. It is not aggrandizement of any kind, for the medical profession, for Topeka, for Kansas, for anyone but the veterans everywhere who need this kind of help. It is an actual, basic, continuing need that we cannot get around.

Do we ask men to fight, to risk their bodies and souls, even as we start cutting out the means to care for their hurts?

Is that the place we have reached on this Memorial Day?

If you agree with what we're saying, write or wire Senators FRANK CARLSON and ANDREW SCHOEPPEL, of Kansas, and Representative JOHN PHILLIPS, Republican, of California, to do something about it.

Lest we forget.

Theodore Roosevelt Week

EXTENSION OF REMARKS OF

HON. CHARLES A. WOLVERTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 4, 1953

Mr. WOLVERTON. Mr. Speaker, to those, if there are such, Mr. Speaker,

who question the justice or the propriety of setting aside a week in June as Theodore Roosevelt Week, I submit the words of a distinguished contemporary of Theodore Roosevelt, the late Albert J. Beveridge, United States Senator from the great State of Indiana, biographer of John Marshall and Abraham Lincoln and one of the great public figures of his time.

The glory of Theodore Roosevelt—

Beveridge said—

is that he personified the American Nation. From his earliest youth he was an American nationalist. In this faith he lived; in this faith he died; and the deeds he wrought and the words he spoke for the advancement of that faith are the unshakable foundations of his undying fame. More than any other man of his period, his character and his life typified the character and the life of the American people as a whole.

Am I wrong, Mr. Speaker, in thinking that all of us Americans could do with a reminder of Theodore Roosevelt? Summing up in himself the finest characteristics of the American people, he said the great words and did the great deeds that most of us in our hearts dream of doing and long to do. Honoring him, we shall honor the best impulses in ourselves; and perhaps, even, give our wills the courage and the fire to wake those impulses to action.

Progress Report on SDA Program

EXTENSION OF REMARKS OF

HON. KATHARINE ST. GEORGE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 4, 1953

Mrs. ST. GEORGE. Mr. Speaker, under unanimous consent to revise and extend my remarks in the Appendix of the RECORD, I include an article by Fulton Lewis, Jr., on an organization known as Students for Democratic Action.

I have been interested for some time in the SDA and am grateful that Mr. Lewis has given us some of their history and background.

This is another case of a front organization, masquerading as an innocent cultural organization, while it is quietly and effectively doing yeoman service for the fellow-travelers, who are infinitely more dangerous than avowed Communists.

It is high time that some American ideas and philosophy start infiltrating the field of education if this Republic is to survive.

The article follows:

SUMMER WORK BEGINS JUNE 21—PROGRESS REPORT ON SDA PROGRAM

(By Fulton Lewis, Jr.)

WASHINGTON, May 27.—Back in April I told you how Students for Democratic Action—the bobby sox version of the left-wing Americans for Democratic Action—greased promising young campus liberals onto the Federal payroll for a summer of work and nightly brain-washing sessions by hand-picked Fair Dealers.

This is a progress report. The 1953 student summer-workers are slated to arrive in Washington on Sunday, June 21. They

will be put up in a Washington hotel on a coeducational basis and presumably ADA mother hens will supervise their behavior, although I couldn't find anybody with either organization who would verify this. At any rate the Government jobs for the 20 or more expected for the work-seminar will last all summer, and probably will cost us taxpayers something more than \$10,000.

There is a student-training program promoted by various Government agencies which bring qualified students to Washington for the summer with the idea that they will get acquainted with Government operations and select civil service as a lifetime career. It is a good idea.

STRATEGIC AID FROM ADA

Neither Students for Democratic Action nor Americans for Democratic Action officially have anything to do with this program. SDA runs its little show all by itself, with strategic aid from the parent organization ADA.

The reason the plan is foolproof is that the Federal payroll is still loaded with ADA members, and those that think like ADA'ers, who are in position to spot suitable jobs for students attending the SDA summer leadership training course. The jobs are such that SDA members won't have to wear themselves out during the day. Thus, they will have the strength left to attend lectures at night by such stalwarts as Senator HUBERT HUMPHREY, of Minnesota, and other liberals of his ilk.

During the interim since my last report on SDA, I encountered another student leadership program, this one sponsored by the YWCA and the YMCA.

In a recent blurb on the subject I found this:

"From June 23 to August 31, a student YMCA-YWCA will hold a citizenship seminar in Washington, D. C. This is a work-lecture-discussion project which offers qualified students summer jobs in Federal agencies. One of the purposes is to give first-hand knowledge about the problems of government in the hope they will develop new ideas about solving them."

PAY \$50 PER WEEK

"After they begin their jobs, they meet evenings to hear and talk with representatives of various Government agencies, Congress, national organizations, the press, churches, and synagogues. The jobs pay \$50 a week—more than enough to cover living expenses in Washington."

I know of no connection between the Y program and the SDA, except that the two groups will be in the District of Columbia at the same time. I hope there is none. But I am interested in passing along to you any information I can obtain on the representatives of various organizations who will address the YM-YW students who will be our guests here this summer.

In 1951 the YW-YM held a similar citizenship seminar in Washington. Mrs. Wells Harrington, of Greenbelt, was director. She is the former mayor of Greenbelt, the socialistic housing scheme hatched by Mrs. Eleanor Roosevelt when she was tossing her girth around Washington during the early New Deal attempts to keep the Communists happy by letting the Government run everything.

ALL RACES AND CREEDS

Membership in the seminar is open to students of all races and creeds. The National Intercollegiate Christian Council handles applications of Y members who desire to attend the summer session in Washington.

As I suggested before the House Postoffice and Civil Service Committee ought to examine the SDA project and find out how leftwing groups managed to intervene and obtain summer jobs for their faithful.

Representative EDWARD H. REES, of Kansas, a Republican, is chairman of this committee, and he can be depended upon to do a fair and conclusive job. He has several capable members on his committee including

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

June 8, 1953
June 5, 1953
83rd-1st, No. 103

CONTENTS

Adjournment.....6	Immigration.....16	Small business.....1
Appropriations.....2,7	Legislative program.....6,8	Taxes.....12
Budgeting.....15	Prices, farm.....11	Trade, foreign.....14
Columbia Basin.....4	Reorganization.....17	Treaties.....13
Economic controls.....3	Roads.....5	Wool.....14
Expenditures.....10	St. Lawrence seaway.....9	

HIGHLIGHT: Conferees agreed to file report on 3rd supplemental appropriation bill.

HOUSE

1. SMALL BUSINESS. Passed as reported H.R. 5141, to create the Small Business Administration (pp. 6328-59).
2. APPROPRIATIONS. The "Daily Digest" states: "Conferees, in executive session, agreed to file a conference report on the differences between the House- and Senate-passed versions of H.R. 4664, third supplemental appropriations" (p. D518).
3. ECONOMIC CONTROLS. The Banking and Currency Committee was granted permission to file, by midnight Saturday, a report on S. 1081, providing for temporary economic controls (p. 6362).
4. COLUMBIA BASIN. Rep. Angell inserted Hillman Lueddemann's recent speech wherein he stated that, in order to strengthen "the Northwest's tomorrow, we must regard the Columbia Basin as a single economic unit" and "as an integrated agricultural unit" (pp. 6359-61).
5. ROADS. Received a Mich. Legislature memorial requesting the Federal Government to give consideration to the Hearst plan for better roads (p. 6362).
6. ADJOURNED until Mon., May 8 (p. 6362). The legislative program for next week as stated by the majority leader: Mon., D. C. bills; then for balance of week:

S. 1081, economic controls bill; H.R. 5304, trip leasing bill; and bill extending the Reciprocal Trade Agreements Act (if rules are reported for consideration of these bills). These bills will not necessarily be taken up in this order (p. 6359).

SENATE

7. APPROPRIATIONS. The Appropriations Committee ordered reported (but did not actually report) without amendment H.R. 5174, the Treasury-Post Office appropriations bill for 1954 (p. D515).
8. LEGISLATIVE PROGRAM. The "Daily Digest" states: Mon., Calendar will be called from the beginning, and S. 690, lease-purchase agreements; remainder of week, H.R. 5227, Agriculture appropriations for 1954, and possibly H.R. 5174, Treasury-Post Office appropriations for 1954 (p. D518).

ITEMS IN APPENDIX

9. ST. LAWRENCE SEAWAY. Rep. Van Zandt inserted a Wall Street Journal editorial urging caution in considering the feasibility of this project (p. A3399).
10. EXPENDITURES. Rep. Dowdy inserted a Palestine (Tex.) Herald Press editorial titled, "Budget Can Be Balanced" (pp. A3400-01).
11. FARM PRICES. Rep. Bow inserted the results of a poll conducted by the Ohio Farm Bureau Federation among farmers of his District on farm-price problems (pp. A3402-03).
12. TEA. Rep. Judd inserted a statement by Robert Smallwood, Tea Council of the U.S., before a Foreign Relations Subcommittee, and a New York Herald Tribune article discussing the formation of a new corporation composed of American businessmen and the Governments of India, Ceylon, and Indonesia to promote the sale of tea in the U.S. (pp. A3403-04).
13. TREATIES. Rep. McVey inserted a Daily Calumet editorial favoring Sen. Bricker's proposed constitutional amendment to limit the treaty-making power (pp. A3406-07).
14. WOOL; FOREIGN TRADE. Rep. Stringfellow inserted a speech by J. M. Jones, National Woolgrowers Ass'n., urging protection of the domestic wool industry from foreign competitors (p. A3407).
15. BUDGETING. Extension of remarks of Rep. Colmer favoring his bill, H.R. 1710, to set up a joint committee to evaluate the budget by the H. and S. Appropriations Committees (pp. A3408-09).

BILLS INTRODUCED

16. IMMIGRATION. H.R. 5583, by Rep. Multer, to assist in relieving the current immigration and refugee problem by providing for the issuance of 240,000 special immigrant visas during the 2 fiscal years commencing July 1, 1953, and July 1, 1954; to Judiciary Committee (p. 6362).
 17. REORGANIZATION. H. Resolutions 261, 262, 263, disapproving Reorganization Plans No. 7, 8, and 9 of 1953; to Gov't. Operations Committee (introduced June 4) (p. 6168).
- COMMITTEE HEARINGS ANNOUNCEMENTS FOR JUNE 8: Wheat marketing quotas, H. Agriculture (exec.). USDA appropriation bill, S. Appropriations (exec.).



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 83^d CONGRESS, FIRST SESSION

Vol. 99

WASHINGTON, FRIDAY, JUNE 5, 1953

No. 103

Senate

The Senate was not in session today. Its next meeting will be held on Monday, June 8, 1953, at 12 o'clock meridian.

House of Representatives

FRIDAY, JUNE 5, 1953

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, to whom we must look for light and leading, may all the hours of this day be filled with new hopes and expectations, new desires and determinations to build a better world.

Grant that in the structure of a nobler civilization we may be intent upon applying moral and spiritual principles to all our economic, social, and political affairs and may the selfish rivalry among the nations be supplanted by the spirit of fellowship.

May we have a faith that is strong and great enough to sustain us as we meet the challenge of this stupendous undertaking of attempting to establish a more brotherly world order.

We pray that we may never become discouraged and yield to despair, but inspire us with the assurance that the triumph of righteousness is inevitable for Thou art our divine ally working within us and with us to achieve blessedness for ourselves and all mankind.

In Christ's name we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4974. An act making appropriations for the Departments of State, Justice, and Commerce, for the fiscal year ending June 30, 1954, and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BRIDGES, Mr. SALTONSTALL, Mr. FERGUSON, Mr. SMITH of New Jersey, Mr. McCARRAN, Mr. ELLENDER, and Mr. HILL to be the conferees on the part of the Senate.

BURY SMALL BUSINESS WITHOUT A FUNERAL

(Mr. PATMAN asked and was given permission to address the House for 1 minute.)

Mr. PATMAN. Mr. Speaker, on yesterday it is my belief an effort was made to bury small business without a funeral. It is a very important bill, and I had to take the responsibility of threatening to make a point of order to have the proceedings put over. I regret very much if any Member of the House was inconvenienced, but at the same time the issue is too important to consider that. Today, if the leadership wants to insist on proceeding with this bill, I hope we will have a majority of the Members here because it is a matter of great and far-reaching importance. The Committee on Banking and Currency voted out the Defense Production Act on yesterday stripped of almost everything, and it should not require 15 minutes of debate. I know it was expected to take a couple of days on that bill next week, and since it will not take any time, it occurs to me that this bill could be put over until Monday, but if the leadership wants to insist upon it being considered today, I think it should be considered in the right way in view of the importance of the bill. It is a most important bill. It is a bill to abolish the RFC really, and it is a bill to ratify

and confirm what the administration is doing in destroying opportunities of the small-business concerns of the country.

The SPEAKER. The time of the gentleman from Texas has expired.

SMALL BUSINESS LEGISLATION

(Mr. WOLCOTT asked and was given permission to address the House for 1 minute.)

Mr. WOLCOTT. Mr. Speaker, I think it is rather unfortunate that the gentleman from Texas did create a situation yesterday so that we could not dispose of the bill yesterday afternoon. It could easily have been disposed of in a couple of hours, and we would have completed our business here by 6 o'clock. It is not anticipated that today the bill will take any longer than that notwithstanding the fact that there are 2 hours of general debate provided for. Very little time has been asked for on this side, and with the exception of time which the gentleman from Texas will use on the other side, I have been told there is little request for time there. The gentleman from Texas, notwithstanding anything that might have been said, does not save small business by the action which he took yesterday. We will take all afternoon today if we have to, to discuss this bill. I quite agree with the gentleman that there should be a goodly number here. It is an important bill. It is important to small business. It is a bill to do much more for small business than has ever been done for small business before. I hope we can proceed in an orderly manner.

The SPEAKER. The time of the gentleman from Michigan has expired.

[Mr. MATTHEWS addressed the House. His remarks will appear hereafter in the Appendix.]

CORRECTION OF RECORD

Mr. EVINS. Mr. Speaker, I ask unanimous consent to correct the permanent RECORD. On page A3272, lines 13 and 17, the statement is made in line 13, "\$1.33." when the figure should be "1.33 cents." Line 17, the statement is made "Two dollars and seventy-six cents" where it should be "2.76 cents."

The SPEAKER. Without objection, the correction will be made.

There was no objection.

SPECIAL ORDER GRANTED

Mr. DAVIS of Tennessee asked and was given permission to address the House on Monday next for 30 minutes, following the disposition of the legislative business of the day and any other special orders heretofore entered.

CALL OF THE HOUSE

Mr. PATMAN. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 51]

Abblitt	Harden	Oakman
Bailey	Hays, Ohio	Passman
Barden	Heller	Patterson
Barrett	Hess	Pelly
Bosch	Holtfield	Poulson
Boykin	Holtzman	Price
Brooks, La.	Howell	Ray
Buckley	Jarman	Reed, Ill.
Bush	Javits	Regan
Campbell	Jones, Mo.	Richards
Celler	Kearns	Rogers, Mass.
Chatham	Kee	Roosevelt
Chelf	Kelly, N. Y.	Saylor
Chudoff	Keogh	Scherer
Cole, N. Y.	Kilday	Secrest
Coudert	King, Pa.	Shelley
Dawson, Ill.	Klein	Short
Delaney	Latham	Shuford
Dingell	Lovre	Small
Dollinger	Lucas	Smith, Kans.
Dorn, S. C.	Lyle	Stauffer
Durham	McDonough	Sullivan
Edmondson	McIntire	Tollefson
Fallon	Martin, Iowa	Tuck
Fine	Meador	Vinson
Fino	Miller, N. Y.	Wampler
Frelinghuysen	Morano	Westland
Gavin	Morgan	Williams, Miss.
Grant	Morrison	Wilson, Ind.
Green	Moulder	Yates
Gubser	Nelson	Zablocki

The SPEAKER. On this rollcall 328 Members have answered to their names. A quorum is present.

By unanimous consent further proceedings under the call were dispensed with.

PRESCRIBING OCCASIONS UPON WHICH THE UNIFORM OF THE ARMED FORCES MAY BE WORN

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 1550, an act to authorize the President to prescribe the occasions upon which the uniform of any of the Armed Forces may be worn by persons honorably discharged therefrom, together with House amendments

thereto, insist upon the amendments of the House, and agree to conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. ARENDS]? [After a pause.] The Chair hears none and appoints the following conferees: Mr. SHORT, Mr. JOHNSON, and Mr. KILDAY.

SUBCOMMITTEE OF THE ARMED SERVICES COMMITTEE

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent on behalf of the gentleman from Michigan [Mr. SHAFER] that Subcommittee No. 1 of the Armed Services Committee may sit during the general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

SPECIAL ORDER GRANTED

Mr. MILLER of California asked and was given permission to address the House for 20 minutes on Wednesday, June 10, 1953, following the legislative business of the day and any other special orders heretofore entered.

SMALL BUSINESS ACT OF 1953

Mr. WOLCOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5141) to create the Small Business Administration and to preserve small business institutions and free, competitive enterprise.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 5141, the Small Business Act of 1953, with Mr. Gross in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, 2 hours are allowed for general debate; 1 hour will be under the control of the gentleman from Michigan [Mr. WOLCOTT] and 1 hour under the control of the gentleman from Kentucky [Mr. SPENCE].

The gentleman from Michigan is recognized.

Mr. WOLCOTT. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, under the Defense Production Act there was set up the Small Defense Plants Administration, which is tied in pretty much with the RFC. The Small Defense Plants Administration gets its loan money, which is limited to \$100 million, through the RFC.

That program made a very good start in accomplishing the purposes which are set up in this bill. I might say that this bill is designed as a substitute for those provisions in the Defense Production Act creating the Small Defense Plants Administration.

In the bill we recognize the part which small business takes in our production effort. We start out in the declaration of policy by stating that the essence of the American economic system of private enterprise is free competition; and we go on to assert throughout the bill the necessity for small business to be encouraged to take its rightful place among the approximately 4 million producing concerns in this country in the production effort. This bill seeks to protect the competitive system by giving assurance that small business can at all times compete for a fair and equitable share of the production effort.

It provides that loans may be made by a Small Business Administration.

It provides that contracts may be taken by this Small Business Administration and subcontracted to small businesses.

The Small Business Administration under this bill is set up as an independent agency of the Government on a permanent basis; it is not dependent for its existence or the length of its existence upon any war or emergency; it is set up as a permanent independent agency of the Government and gets its money directly from the Treasury. The limitation contained in existing law in respect to small-business loans is \$100 million. This bill provides that the Small Business Administration may make loans up to \$150 million and they are given \$100 million to service contracts and subcontracts—a total of \$250 million.

The bill as it was originally introduced provided for \$150 million. The Small Business Committee of the House met, went over the bill, and decided to ask for \$500 million—\$400 million for loans and \$100 million for contracts. The Committee on Banking and Currency, in its judgment, having in mind the history of these loans, the amount of the loans, and the desirability to keep this a small-business enterprise, provided that not more than \$100,000 could be lent to any single borrower, so that there could not be authorized the whole of this loan fund or any large part of it to any one or a few concerns.

I think we should bear in mind that there is a possibility of the Reconstruction Finance Corporation being allowed to die at its termination date, which is June 30, 1954. In anticipation of that probability, we set up this Small Business Administration independently of the Reconstruction Finance Corporation or any other agency of the Government which has a statutory termination date. There is established in this bill a Small Business Advisory Board, made up of the Secretary of the Treasury, as Chairman, the Secretary of Commerce, and the Administrator of the Small Business Administration. They are authorized to develop an overall policy for the guidance of the Small Business Administration and to coordinate this program with the other financing programs of the Government.

This bill was reported out of the Committee on Banking and Currency by unanimous vote. Minority views were presented by the gentleman from Texas

[Mr. PATMAN] and the gentleman from New York [Mr. MULTER] from which it appears that there is no objection in the committee to the principle involved for the establishment of this Small Business Administration. The only dispute, as I see it, is in respect to the amounts.

Mr. Chairman, that in substance gives us the overall picture of what we are trying to do. I may say that safeguards are put in the bill in respect to loans by the provision on page 27, reading as follows:

No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment.

Now those are similar to the safeguards to protect private lenders which are set up in the Reconstruction Finance Corporation Act, but in addition to those safeguards and to make doubly sure that there cannot be the abuses of them which have occurred on certain loans made by the Reconstruction Finance Corporation, we provide that loans shall not be made to enterprises under this act unless and until they have informed the Small Business Administration concerning the names and addresses of the loaning institutions to whom they have made application and which have turned them down in respect to their loans. That is a double safeguard to private enterprises in the loaning field.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Michigan.

Mr. DONDERO. Did the gentleman mention at what rate of interest these loans would be made?

Mr. WOLCOTT. No. That is left to the Policy Committee. The Policy Committee set up under the act on page 22 is authorized to establish general policies for the exercise of the powers enumerated in 7 (a) which have to do with the loans, and that, of course, would include the interest rates.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from North Carolina.

Mr. COOLEY. Will all the loans be made through the Washington office, or do you contemplate regional offices?

Mr. WOLCOTT. They can set up regional offices. They can do anything under the bill that they can do now and, as a matter of fact, I think there is no question but what regional offices will be established. I think I can assure the gentleman that regional offices will be established and maintained.

Mr. SPENCE. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, heretofore bills affecting small-business concerns have been on a bipartisan basis. For 10 years I was chairman of the Committee on Small Business, and the gentleman from Indiana was the ranking minority member. During that time we had perfect harmony. I believe every report was a unanimous report; I do not recall a one that was not unanimous. I do not recall a bill that was introduced

that I did not solicit the help of the minority side, and we joined together as coauthors and cosponsors, and the minority side was given full and complete credit just as much as the majority side. There was no effort to say, "This is a Democratic bill." The Small Business Plant Administration passed 2 years ago. We had over 250 joint authors and joint sponsors, so as to make it absolutely non-partisan; in other words, it was a bipartisan approach. I am awfully sorry that this has taken on a political aspect and has become political.

Now, when this bill was introduced, I knew nothing about it. It was introduced by the distinguished gentleman from Colorado [Mr. HILL], whom I have a very high regard for. He had said nothing to me about it; he probably did not know exactly what the policy had been in the past, I do not know; I am not blaming him. I am just stating the facts. We had a meeting of the Small Business Committee and we amended the bill so that it would do something that was worthwhile, and he introduced another bill to carry that forward; but when that bill reached the Committee on Banking and Currency, it was immediately changed so as to scuttle what I consider the good work that the Small Business Committee had done on it.

Now this bill comes here from the Committee on Banking and Currency with unanimous endorsement for consideration. I filed minority views, along with the gentleman from New York [Mr. MULTER]. We objected to certain things in this bill, and I am saying now that if those changes are not made I believe the bill will be absolutely detrimental to the cause that we are hoping to help. It will be detrimental to the cause unless the bill is amended as we propose. If I had time to study the bill, I believe I would have been against it in its entirety, because I found out something about it that I did not know then, but, being just a humble, feeble Member of the lower body, without any administrative assistant and with no help except what I do myself, writing my own speeches, my own statements, and doing practically all my research, I have had a few things to do in the recent past and I have not had time to give attention to this like I should, probably. The Government bond market was taking a nosedive, and we had apparently a planned deflation in the cards for our country. Remembering back during the other depression and the awful things that happened to our country, I felt as if that was deserving of first consideration; and in giving that first consideration I probably did not give this the attention that I should have. But had I known then what I know now, I doubt I would have been for the bill at all. But I would be breaking faith, I think, if I did not support it if it is amended, so as to give them enough money to be effective and take off the limitations on the loans.

The gentleman from Indiana yesterday placed the burden on me for having a session today. I think it is necessary that I explain that because I do not want to cause any Member of this House any inconvenience or trouble or discomfort.

That is not my idea at all, but I was forced into the position of either giving the small business concerns of this country an indecent burial, and a very quick burial, or making a point of order so as to force the bill over to today. The latter, of course, is what happened. I take the full responsibility. It was inescapable, and I believe you will understand before this discussion is over that you would have done the same thing and that you will feel obligated to me for having done it although I was put on the spot as causing this session today.

Now, let us see what happened. I hope the gentleman from Indiana listens to this. Let us see who is on the spot about this thing. Yesterday was Thursday. We had a program sent out. What was on that program for Wednesday and Thursday? We had three bills for Wednesday which were disposed of. What was the first thing scheduled for Thursday? The first thing scheduled for Thursday was H. R. 5141 to create a Small Business Administration. That is this bill which was the first thing on the program for yesterday. Did the majority leader bring it up? No; he did not bring it up. What did he bring up? He brought up a bill that he was personally interested in, and of which he is the author; and he took 2 or 3 hours of that time, and not only that but he took up the following bills:

S. 1307, authorizing United States disbursing officers to cash and negotiate checks, drafts and so forth under certain conditions.

Senate Joint Resolution 80, requesting President to officially proclaim June 7-14, 1953, as Aid-to-Korea Week.

Senate Concurrent Resolution 3, authorizing the printing of United States wall maps for the use of the Senate and House.

House Resolution 253, providing for the payment of certain death and burial benefits to the beneficiary of a recently deceased employee of the House.

Those bills, the bill of which he was the author and the other bills, were important bills. But they do not rank in importance with this bill which we are presently considering, but it was taken up first as we had a right to expect, which would have permitted fair consideration without being under pressure. They are all important, and I am not saying that they should not have been passed. But they were all taken up ahead of our bill. Finally the hour of 4:15 p. m. arrived, and we were asked to take up this important bill, which, in effect, buries the RFC and absolutely destroys the RFC 1 year in advance. We were asked to ratify and confirm that destruction by this bill. We were asked to take up the bill at 4:15 p. m. and with 2 hours of general debate, and there were at least 3 or 4 special orders here for Members who felt their speeches were important—and they were important—and if we had taken it up then, we would have been pressed not only to get through quickly but we would have been pressed by those who had special orders. We would have been cramped for time and we would not get adequate

consideration. Why was that the situation? Because we were not taking the bill up in the order that the majority leader said it would be taken up. Then, after taking up all this other time, he wants to rush on here in the heel of the evening and force us into a position where we will not get adequate and fair consideration. Therefore, I say I am not to blame for it. The majority leader is to blame.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. DIES. I do not think any Member of the House would criticize the gentleman from Texas if he had made a point of no quorum yesterday. I think he did the House of Representatives a service. We have plenty of time to deliberate, and we spend many days doing nothing.

Mr. PATMAN. I thank the gentleman for his observation.

Mr. Chairman, I will now get to this bill. We have an RFC Act. It does not expire until June 30, 1954. I was here when it was established in 1932, for the banks, railroads, and insurance companies. It bailed them out. Some of the bankers, when the Government bailed them out, said that it should have stopped right there and that is as far as it should have gone, and ever since that time when all these concerns were bailed out in 1932, they have been opposing the small business concerns. Later on the law was amended so as to take in small business, and to take in States, counties, cities, political subdivisions and buy their public improvement bonds and things like that. In other words, to spread out and help the general welfare of all the people and not just the banks, railroads, and insurance companies. But the banks, railroads, and insurance companies have been fighting all that ever since. This law does not expire until June 30, 1954. If you pass this bill, as it is, you are scuttling the RFC because you are endorsing what the Department of Commerce and what the administration leaders have done and what they have said. They have said they are going to scuttle the RFC. They are asking you to endorse it now by passing this bill. If you do pass this bill, then you will be endorsing what they have done. You do not want to do that. I will tell you why. The RFC has \$515 million available now—that is under the RFC Act and it has under section 714 (d) of the Defense Production Act \$90 million available.

Under the Civil Defense Act it has \$245 million available. It has \$830 million down there; so why appropriate any more money really to do what RFC is doing and what it is authorized to do? It has the finest organization in the world to turn out work. Why do this in the first place? But I, even, would go through with it, notwithstanding that, if you would give this Administration comparable power with the RFC. This bill does not do it. It hamstring them. It limits them. It puts them in a strait-jacket to where small business concerns would not have a chance under this act. And you are asked to endorse what these

administration leaders are proposing to do to RFC by voting for this bill.

I would like to mention a couple of things about the bill. No. 1: We must have an amendment to increase the amount from \$250 million to \$500 million. That is what the Small Business Committee unanimously recommended. It ought to be increased. That is the No. 1 amendment.

No. 2: The Banking and Currency Committee says that no loans shall be accepted in excess of \$100,000. One hundred thousand dollars sounds big, yes. But it is nothing when it comes to small-business concerns in America. It is little bitty business; that is all it would be—little bitty business. They would have to start with \$50,000, because almost invariably they would have to supplement their funds to save the sums that they had already loaned. So they would start off with \$50,000, because they would know they could not get to exceed \$100,000. So, right there, they are cut down to nothing.

But it is a guaranty to certain big industries that they need not expect any competition from the RFC any more.

You have heard the statement that what is good for General Motors is good for the country. You are being asked to make this good for General Motors. General Motors will not have any more automobile competition. General Motors makes various parts and different accessories and is engaged in various fields of endeavor. They will not have any more competition, because the loans that these other people can get, people who would be their competitors, are not large enough to make it possible for them to be a competitor of General Motors or of any of its subsidiaries.

So the first thing is to guarantee the big concerns that they will have no more fear of competition. And that includes aluminum, too. Do you think there would have been a Reynolds Aluminum Co. if it had not been for the RFC? Do you think there would have been any Kaiser Steel Co. that rendered such great service during World War II if it had not been for the RFC? Do you think that these concerns that have been built up over the years in competition with automobiles and steel and aluminum and cement, and other large industries—do you think they would have had a chance without the RFC? Of course they would not.

The first thing in this bill is to guarantee that big industry in this country need no longer fear any competition, because this bill guarantees that they will keep the amounts of the loans down to where competition will be impossible, not only for the major concern but for any subsidiary thereof.

Do you want to endorse that? Of course you do not.

Here is the RFC Act. It does not expire for another year. I think the administration is violating the plain letter of the law. Under the plain letter of the law, it is obligated to make loans to small concerns and others who need them for production, where they cannot get credit otherwise. They are not doing it. They are closing up.

I am inserting herewith section 4 down to subsection (d) of the Reconstruction Finance Act. This law will not expire until June 30, 1954. It is as follows:

SEC. 4. (a) To aid in financing agriculture, commerce, and industry, to help in maintaining the economic stability of the country and to assist in promoting maximum employment and production, the Corporation, within the limitations hereinafter provided, is authorized—

(1) To purchase the obligations of and to make loans to any business enterprise organized or operating under the laws of any State or the United States: *Provided*, That the purchase of obligations (including equipment trust certificates) of, or the making of loans to, railroads or air carriers engaged in interstate commerce or receivers or trustees thereof, shall be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively: *Provided further*, That in the case of railroads or air carriers not in receivership or trusteeship, the Commission or the Board, as the case may be, in connection with its approval of such purchases or loans, shall also certify that such railroad or air carrier, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificates shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance.

(2) To make loans to any financial institution organized under the laws of any State or of the United States.

(3) In order to aid in financing projects authorized under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, (A) municipalities and political subdivisions of States, (B) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (C) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects.

(4) To make such loans, in an aggregate amount not to exceed \$25 million outstanding at any one time, as it may determine to be necessary or appropriate because of floods or other catastrophes.

(b) No financial assistance shall be extended pursuant to paragraphs (1), (2), and (3) of subsection (a) of this section, unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

(c) The total amount of investments, loans, purchases, and commitments made pursuant to this section 4 shall not exceed \$2 billion outstanding at any one time.

They are also under obligation—and I hope the majority leader [Mr. HALLECK] and the other distinguished gentleman from Michigan [Mr. WOLCOTT] will listen to this. Under the plain letter of the law, Mr. Chairman, they are obligated to process and buy improvement bonds; waterworks, sewers, streets, or other improvement bonds, of States, counties, cities, and political subdivisions, where they do not have a market, and where they are worth 100 cents on the dollar.

The RFC has stopped that. They have discharged their engineers, their technicians, and their other people who have to do with that work, putting them out of business, because they are not going to do it; and that is 1 year before Congress says that this law expires—1 year ahead.

Are you going to endorse that? You are asked to endorse it. Let us see what that means.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SPENCE. I yield the gentleman 5 additional minutes, Mr. Chairman.

Mr. PATMAN. You take any small town and they vote improvement bonds. They have not got any market, they cannot go to New York and sell those bonds. I saw an advertisement in the New York Times a few weeks ago of Florence, Ala., selling public improvement bonds, 5-percent tax-exempt, if you please—the purchasers of those bonds pay no tax of any kind whatsoever, and they have gone to 5 percent. Why? Because there is no market. RFC has folded up, folded up. Hundreds and thousands of small towns all over this Nation will vote improvement bonds, and working in cooperation with the RFC to make sure that the bonds in the future will be good, they will be paid back, and they will make a market for the bonds, the RFC would take the bonds, they have done that—you should remember these figures, Mr. Chairman, remember these figures—they have done that to an amount of \$1,500,000,000.

You see these water tanks in little towns all over America. RFC made that possible. You see all these facilities for health and sanitation and comfort and convenience all over America made possible only because of loans of the RFC. Now, RFC has made those loans good, loans to the amount of a billion and a half dollars, and they have fed them out to the market not only at no loss but at an actual profit, and they have only \$25 million left of them out of a billion and a half and they will be sold for a profit. Is not that a wonderful record? Does not that help America? And yet the RFC has deliberately without authority of law absolutely put an end to it 1 year in advance of the time that the Congress of the United States said it should expire, and you are being asked to set up something here now that will be not a reason for it but an excuse for it. That is what you are being asked to do, and it is being surrounded with words and phrases and clauses that will make it absolutely almost impossible for a small concern to even get a \$25,000 or \$50,000 loan. They are going out of business; that is what they are doing, and they want you to endorse it.

When Mr. Sheaffer appeared before our committee—he is Assistant Secretary of Commerce and belongs to that group that President Eisenhower said were the 15 percent patriots—and I commend President Eisenhower for saying that because he has demonstrated a lot of courage, and I am with him on a lot of things, and I commend him for his courage, and I am going to vote for him when he is right, and I believe he is going to be right

every time unless he is honestly misled. He is a human being, he has got to take advice and guidance of other people and he will probably take some bad advice. If he does I am not going to be with him, but every time I think it is in the interest of the country I am going to be for him. It is better for us to support President Eisenhower and keep this country strong and prosperous and the Democrats remain out of power than to have a bad depression set in and return to power on the ruins of the country; the Democrats do not want to come back that way.

President Eisenhower said these 25-percent—15-percent patriots is what he said they were—but the 25-percent club—he belongs to that organization that has been trying to sneak through an amendment to the Constitution through the States, a heretofore unused power of the Constitution; it has never been used in the 150 years of our history, but they are trying to sneak through an amendment to the Constitution that would make it impossible to tax incomes, estates, and inheritances more than 25 percent. President Eisenhower said they were perfectly willing for you to furnish your son on the battlefield, 100 percent, provided it does not cost them over 25 percent. Now, this man Sheaffer is one of the sponsors of that; he is one of the sponsors of it. He is in the Department of Commerce. He came before our committee and he testified and he warned us and said that this bill is all right, but they want it in the Department of Commerce. If they put it in the Department of Commerce it will be just like sending a rabbit for a head of lettuce: You would not have any luck at all, because you would be putting it into the hands of its enemies.

They have in the Department of Commerce what they call the Business Advisory Council composed of the Great One Hundred that is referred to as the Blue Ribbon Advisory Council, a council of big-business men. I am not against big business, but I just do not want them to take advantage of the little man; I want the little fellow to have an equal opportunity with them. But they have these 100 big fellows, the heads of these big concerns. They meet every so often. As long as I was chairman of the Small Business Committee under the Democratic Party I never heard of them. They have their meetings, they get up their resolutions, always on the side of big business, that is all there is to it. That is the blue ribbon advisory board. They want the little man to have to appear before them. He would be just about as unhappy before that group and just about as unwelcome as an illegitimate youth would be at a family reunion. That would be about the status of the little man before that group. That is what this man Sheaffer wants the little businessmen to do.

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Iowa.

Mr. TALLE. I assume the gentleman from Texas will revise his remarks and in connection therewith I suggest that he examine what Mr. Sheaffer did say,

so that the views attributed to him may be the exact verbiage in full used by Mr. Sheaffer.

Mr. PATMAN. The gentleman does not deny that he said eventually this should be in the Department of Commerce?

Mr. TALLE. I heard and I have read his testimony. He is definitely in favor of this bill.

Mr. PATMAN. I will put the exact language in. I am quoting herewith Mr. Sheaffer's testimony as it appears on page 25 of our hearings. You will notice that he expects the Small Business Administration to be transferred to the Department of Commerce eventually if not soon:

There will come a time when the demands on our country will be such that the intensity of our direction toward Government procurement for security will abate.

At that time, in the interest of good Government organization and economy, there should be an integration of this program into a regular continuing agency of the Government. A need for a program will continue.

The Department of Commerce, with its responsibility for fostering and promoting commerce and industry, would appear to me to be the appropriate agency to take up this job at that time and to devote its many resources to this task.

Aside from broadening the applicable policy to enable assistance to be rendered small business in undertakings other than those rather directly connected with defense procurement, the bill is very similar to section 714 of the Defense Production Act. I believe that one problem should be pointed out.

It is public knowledge that the dissolution of the Reconstruction Finance Corporation is contemplated by the Congress and the executive branch. When this liquidation takes place, authority, for making loans to small business will have to be vested in another agency.

I do not want to misquote the gentleman, although I think he is the head of a movement, and has been before he came down here, that would destroy this country and have a big tax-exempt group in our Nation. I think he is wrong about that.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The gentleman has stated that the two amendments he is going to offer would increase the \$250 million to \$500 million, is that correct?

Mr. PATMAN. Yes.

Mr. McCORMACK. I notice in the bill introduced by the gentleman from Colorado [Mr. HILL], the original bill, the matter before us being a substitute amendment to the original bill, there was provided a revolving fund of \$500 million.

Mr. PATMAN. It did. The Small Business Committee increased it to \$500 million and asked the gentleman from Colorado [Mr. HILL] to introduce it, which he did. This committee cut it down to \$250 million and slapped on that limitation of \$100,000.

Mr. McCORMACK. Was there a limitation in the other bill?

Mr. PATMAN. No limitation.

Mr. McCORMACK. So what the gentleman from Texas is fighting for, so far as these two amendments are concerned, is the very provision of the bill introduced by the gentleman from Colorado [Mr. HILL]. We are justified in assuming there must have been some administration sponsorship there because it is one of the recommendations of President Eisenhower.

Mr. PATMAN. Now, this man Reese who appeared before us represented the American Bankers Association. That is another group that can come before any committee in the poorest grace and ask that the other fellow be restricted. After the RFC bailed out the banks they said everybody could probably be let alone if they would take care of them. They were protected, they were taken care of, they were bailed out.

They came to our committee appearing against this bill and I interrogated them. I hope you will look at the hearings commencing on page 68. They quoted two small-business organizations as being like they were. Let me quote from the hearings, page 28:

Mr. REESE. That was the intent of their being organized, to represent small business.

Mr. PATMAN. Well, I happen to know they do not.

It says here that I said, "They are both fractions." But that is not correct. I said:

They are both frauds and when they come before this committee, I will be able to show it. I doubt if they will. I have known about them over the years. I am sorry you tied your case to two concerns like that, that I just know they are not bona fide.

I am inserting herewith a copy of the testimony of Everett D. Reese, vice president of the American Bankers Association on whose behalf he made a statement before our committee:

Mr. PATMAN. Mr. Reese, I notice that you mention about a couple of small-business organizations, so-called, here.

Are you sure about them representing the small man?

Mr. REESE. That was the intent of their being organized, to represent small business.

Mr. PATMAN. Well, I happen to know they do not. They are both fractions, and when they come before this committee, I will be able to show it. I doubt if they will. I have known about them over the years. I am sorry you tied your case to two concerns like that, that I just know they are not bona fide.

I never heard of them advocating anything for small concerns. I mean directly, where there is conflict of interest. I have never heard of them upholding something that was intended to support small business solely.

I have watched them over the years. They are supported by the billionaire corporations.

That is where they get their support.

You do not consider that type of organization very helpful in supporting your case?

Mr. REESE. Not if that is the fact.

Mr. PATMAN. And I assure you that is, with no "ifs," "ands," or "buts," if either one of them come before this committee, I will bring it out.

So I hope you will not consider that too seriously.

Now, the point you make here that there should be no subsidies and no special legislation for any group. That is what I gather you don't believe in, special legislation for any group; is that right?

Mr. REESE. In the field of lending money, that is right.

Mr. PATMAN. That is your view, too, Mr. Kelly? You do not want any special legislation, special benefits, to any group?

You both believe in the free enterprise, competitive system.

Mr. REESE. That is correct.

Mr. PATMAN. Now, in the case of the banks themselves, you represent the American Bankers Association.

This Congress passed some special legislation one time just for banks.

That legislation was, I guess, not just one time, but a lot of times.

I will just name this one instance. When that is made unlawful for banks to pay interest on demand deposits.

At that time, they were paying nearly a half a billion dollars a year interest on the demand deposits, and the argument was given, it was then said, that our country was in a serious state and there was competition between the banks that was calculated to weaken some banks and this legislation was calculated to remedy that.

You remember that.

Mr. REESE. Very well.

Mr. PATMAN. You do remember that; do you not?

Mr. REESE. I do, very well.

Mr. PATMAN. Now, the Congress passed that in 1933; and since that time, it has remained on the statute book. That is, special legislation for a special group, just the banks, and that is of great benefit to the banks.

If that were not effective today, you would be paying out a billion or a billion and a half dollars interest on demand deposits, as compared to what you had to pay out before that time.

You are not in favor of repealing that legislation, are you?

Mr. REESE. A greater part of the interest that was paid was paid within the banking system itself, and it was paid by the larger banks that had deposits from the larger banks that had smaller banks throughout the country, so that many banks were harmed by that system.

Mr. PATMAN. You are getting close to it. I do not agree to the larger percentage.

I agree some of it was. I think it was a smaller percentage.

Mr. REESE. Of course that legislation was passed in the public interest, so as to prevent what was supposedly a bad practice within the banking industry.

Mr. PATMAN. I know, but there is a case where the banks do not want to be trusted to compete with one another, when they were faced with that situation.

Mr. REESE. I happen to be a country-seat banker, myself.

Mr. PATMAN. That is usually the kind that the Bankers Association sends down here. They would not think of sending anyone else.

Mr. REESE. That is the kind they send because that is the kind they have most of. Out of 15,000 members, 13,700 of them are really country banks.

Mr. PATMAN. That is right, and for that reason, you say they are for the small man, but it proves my point.

* * * * *
Mr. PATMAN. Mr. Reese, I failed to mention one thing that hurts small business, I think, worse than any other one thing, and that is price discrimination.

Do you run into that in dealing with your problems? In other words, your little corner

grocery, when he has got to pay more for the merchandise than the fellow across the street, hasn't got much of a chance, has he?

Mr. REESE. That is true.

Mr. PATMAN. Have you run into or dealt with any of those problems?

Mr. REESE. In the field of retail groceries, you have one of the most difficult fields in which the small man could operate, but by and large, when we find a man who is diligent, reasonably intelligent, and competent, and works hard, he makes a success of small business and credit follows competence in the field of small business as well as in the field of large business.

Mr. PATMAN. But I think equality of opportunity in buying is even more essential than credit, because the credit is no good to him if he is going to be put out of business through some competitor getting a lower price and underselling him. The credit would not be any good to him in that case, would it?

We have had a lot of bills down here, and some of them have been enacted into laws, protecting the small-town merchant against price discrimination.

Have you ever interested yourself in those bills?

Mr. REESE. No, I don't think that I have, directly.

Mr. PATMAN. I will tell you about a bill. We have a bill and it is a law now, passed in 1936, and they have been trying to change it in every session of Congress, providing that the little man can get the same price as the big man across the street, except where they can show a difference in the cost of manufacture, sale and delivery, to the big man. They can give him a better price to that extent only.

They are trying to change that law and I have not heard of you fellows saying a word about it. We need a friend of the little man down here all the time, and we have not heard the bankers coming in here and saying a word for them.

Mr. REESE. It is a little difficult for us to be world savers and missionaries in every field.

Mr. PATMAN. This is in the field of domestic economy, though.

Mr. REESE. Say in the field of finance.

Mr. PATMAN. If you save them in your county, you save them all over the country, don't—because you take the grocery business, which is the toughest competition, I guess, there is, and I tell you if the local people can get the proper opportunity in buying, they can whip these national chains to death, and I can give you illustrations of that, one after the other.

But whenever the big fellow begins to get secret rebates and secret discounts and special prices, the man, the little man, hasn't got a chance, and have you fellows ever taken any interest in that, to help the little man?

Mr. REESE. We try in every way, when credit will help them become a better buyer.

The CHAIRMAN. Will you yield?

Mr. PATMAN. Yes.

The CHAIRMAN. I have forgotten the details of the law you mention. How is it enforced? How does it operate?

Mr. PATMAN. It is enforced several ways: One is the Federal Trade Commission can issue a cease-and-desist order.

No. 2: The Department of Justice can see that a criminal indictment can be brought against them.

No. 3 is that treble damages can be sued for by the person who is oppressed.

Those are three ways in which it can be applied.

The CHAIRMAN. You say it enforces the same prices. How does it enforce prices in that respect?

Mr. PATMAN. It is not price control at all. In other words, the law is against cheating and chiseling and racketeering. It is the Robinson-Patman Act, effective June 19, 1936. That is what it is. If a seller comes down to your hometown from a manufacturing plant and he gives your hometown merchant a certain price for a certain quantity, delivered there, and he goes across the street and he gives the man a discount, a secret rebate, a lower price for the same quantity under the same circumstances, he is violating the law, just like any other law, and it can be enforced either by criminal indictment of a grand jury, or a presentment of the United States district authority, or a cease-and-desist order of the Federal Trade Commission, or a person across the street who is discriminated against can sue for treble damages, against that manufacturer.

It is a good law.

Mr. PATMAN. That isn't what I want. Some business individuals and some business groups fight viciously against legislation to benefit the laboring man or the farmer when we move to put it into effect. The man who is advocating that course would be the first to be put out of business if the legislation were to be passed.

It would just stop all the purchasing power in his community that enables him to sell his merchandise. I can't understand the viewpoint of some businessmen on that. I think it is just due to the fact that they fail to see far enough down the road and beyond their own objective.

I am not questioning the motives, the intentions, the patriotism, or the civic-mindedness of these people. I just believe they are failing to look far enough down the road.

I think that price discrimination hurts the small-business man more than everything else. What good is credit to him under those circumstances if all he gets is credit. You are doing that man no service if you let a man be jockeyed into a position where his business is taken away from him by unfair dealing on the part of some chiseling, cheating competitor.

I think you will pardon my suggestion, since you gentlemen evidently have a good organization within your organization which I did not know of. I am so ignorant of some of these things but Mr. Reese tells me about it, and I know would suggest you give more attention to price discrimination—and I say to you, whatever you do in that line, you are going to run against the cold shoulder from the big man.

I know he will make it hard for you. I don't know whether you fellows can take it. However, we Members of Congress have to take it. I wish the bankers would take it sometime.

Mr. KELLY. We think we are pretty much under pressure all the time, as well as Congress.

Mr. PATMAN. I know you are sincere in meaning the Department of Commerce. I am sure it is headed by a good sincere person. I don't question his motives, his ability, patriotism, or anything else, but it goes right back to a man being in charge at the top who has got both big business and little business under him, and I would like to reiterate what I have always said: I have never known a case wherein both big ones and little ones were involved, in the case of a conflict of interest, where the little man wins out. The big man always wins.

I have not known of any cases where there has been any other result. I am anxious

for someone to cite me a case or two, but I haven't known of any yet, and for that reason I am not willing to have the little man go into the Department of Commerce in competition with this blue-ribbon advisory council composed of 100 of the representatives of the biggest business in the country.

Again, I am not questioning their motives. They are working in the interests of their own organizations. But they have there a closed shop, a kind of blue-ribbon deal, blue-ribbon advisory council, and they are advising the Department of Commerce and they come from the biggest business in the country, and what chance would the little man have in a department such as that.

He would be very much like an illegitimate youth at a family reunion. He would not have much chance.

Mr. KELLY. In my statement, I suggested that they want to get a man in the Department with such stature to look after the interest of small business.

Mr. PATMAN. And he will do it, and do a good job, but when there is something to be done, they have to go to the top, and that is where they always have to go, and that is where the decision will be made.

Make no mistake about it. The fellow who represents small business will do a good job. He will holler his head off, and represent the little man in the process, but it is the fellow at the top who is the one who is going to decide it. He is the one that is going to win.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. PATMAN. Mr. Chairman, I did add, too, which is not in here, either, that they are not only not bona fide, they are fronts for big business, and if they had come before our committee we would have shown it, but they did not come before our committee and they never will, because they know I know it. But they will always circulate these resolutions as coming from small-business concerns. But they are supported by the biggest businesses in America and they know I know that and they are not going to come before our committee.

Furthermore, I brought out that the American Bankers Association was against giving any special benefits to any group. But what special benefit have they gotten? One that is worth a billion and a half dollars to them annually. During the darkest days of the depression they got Congress to pass a law that banks could not pay interest on demand deposits. Before that the Government used to receive a large sum annually as interest on its deposits in banks. But they stopped that. A lot of individuals and corporations all over America received interest on their demand deposits. That was stopped and it saved them a billion and a half dollars a year compared to what they used to pay. They are not in favor of repealing that, no. They do not want the competitive system there. That would be open competition between the banks and the people would get a little money for their demand deposits, but they are opposed to that. They want it closed; they want a

closed book on that. They are not willing to change. So, they are in the least position to object, and I could tell you 10 other instances, 15 other instances, 20 other instances, but time will not permit. But I assure you that they can come before our committee and ask that other groups be restricted with the poorest grace of any association in America.

Mr. McCORMACK. I noticed in the Hill proposal of the \$500 million revolving fund it provides not to exceed an aggregate of \$100 million shall be outstanding at any one time for the purposes enumerated in section 5 (a); the other \$400 million is for contracts made by this agency with the Government, which they sublet; is that correct?

Mr. PATMAN. That is correct.

Mr. McCORMACK. Under this proposal the \$100 million remains but the \$400 million part of the revolving fund for general lending purposes is reduced to \$150 million.

Mr. PATMAN. That is right; wholly ineffective.

I am inserting herewith the testimony of Dr. E. C. Welsh before our committee, commencing on page 36 of the hearings. It is as follows:

STATEMENT OF DR. E. C. WELSH

Dr. WELSH. I am Edward C. Welsh, and until yesterday was assistant to the Administrator of the RFC. I think a little more detail of my background is available to the chairman and the committee.

My residence is 438 Bellevue Drive, Falls Church, Va.

Mr. PATMAN. May I state, Mr. Chairman, that Dr. Welsh has had a lot of experience in Government and outside of Government. He has a good educational background, has had a great deal of Government experience, such as on the National Resources Committee, the Temporary National Economic Committee, Office of Price Administration, Department of the Army, National Security Resources Board, and Reconstruction Finance Corporation.

He has been charged with the duty of doing something about the scarcity of tin, and, although it does not relate to this particular problem, it is quite interesting to know what he was successful in accomplishing in that regard.

I will not go into that, Mr. Chairman, but I ask consent to insert in the record a statement concerning Dr. Welsh.

The CHAIRMAN. Without objection, that may be done.

(The information is as follows:)

"EDWARD C. WELSH

"Age: 43; born in Long Valley, N. J., 1909.

"Education: A. B. (Lafayette College), M. A. (Tufts College), Ph. D. (Ohio State University); magna cum laude, Phi Beta Kappa (national scholastic honorary), Beta Gamma Sigma (national business administration honorary), Pi Delta Epsilon (national journalistic honorary); major field, economics.

"University faculties: 12 years on university faculties, in economics departments, taught pricing policies and theory, money and banking, international trade and finance, etc.

"Government experience: National Resources Committee (1937), temporary National Economic Committee (1940), Office of Price Administration (1942-47), Department

of the Army (1947-50), National Security Resources Board (1950-51), Reconstruction Finance Corporation (1951-).

"Positions and activities:

"(a) Published and unpublished studies on tariffs, price rigidities, steel prices, sulfur prices, petroleum prices, copper prices, anti-trust and monopolies in Japan, private enterprise in Japan, Government aid to business expansion, etc.

"(b) Economist for National Resources Committee and temporary National Economic Committee.

"(c) Regional price executive (OPA) for Ohio, Michigan, West Virginia, Kentucky, and Indiana.

"(d) Director for price operations for all regions in United States of America (OPA).

"(e) Deputy Administrator (OPA) and Assistant Commissioner (OTC).

"(f) Chief of Antitrust and Cartels Division in GHQ in Japan (Department of Army).

"(g) Member of Foreign Investment Board in Japan.

"(h) Responsible for financial reorganization of over 4,000 bankrupt companies in Japan; for establishing efficient operating companies in dividing Japan's largest monopolies; for dissolution and disposal of millions of dollars' worth of assets of Japanese companies; for sale of over 150 million shares of stock in several hundred companies in Japan; for bank loans, etc., of over 1,000 Japanese companies.

"(i) Honored by Army (Supreme Commander of Allied Powers) for major contributions to development of private enterprise in Japan.

"(j) Assistant to Chairman of NSRB and economic adviser; temporarily Acting Chairman.

"(k) Assistant to Administrator of RFC and policy adviser; temporarily Acting Administrator.

"(l) Supervised staffs, either directly or through subordinates; up to 10,000 people."

The CHAIRMAN. You may proceed, Dr. Welsh.

Dr. WELSH. I have not prepared a written statement. I have jotted down a few points which I hoped might be of some interest to the committee, and then I would like to be useful to you in answering any questions you might have.

I am suddenly in a rather objective position, and I want to add to that, to explain one thing, that I think it is quite reasonable for a new administrator to be in position to, and to take advantage of the position, of using only policy advisers. I wanted that to be clear, with respect to the sudden change.

By way of introduction, I want to state that I favor a Government lending agency generally, because I think it is essential to private competitive enterprise, and not because I think the Government should engage in any unnecessary activities, whether it be lending or otherwise.

I also want to state, in preliminary fashion, that I do not favor any grants. These loans made by the Government should be made with a reasonable assurance that they will be repaid, and also that they shouldn't be made just on the basis of size.

I mean that, that just because a company is a small company it doesn't necessarily, therefore, automatically merit the use of Government funds. There should be maintained a public interest policy for determining the conditions under which Government loans should be made, and even though they are small companies, they should have to meet those standards of public interest.

I believe also that a Government lending agency should be flexible so that it can adjust to changing economic conditions. In saying that I also feel called upon to state that the existence of a Government agency, lending agency, should ordinarily not be threatened. It ought to be known to continue to exist, as uncertainty is a serious matter in any kind of a credit organization.

So it should be flexible, and the policies should be changed from time to time as the economy calls for it, rather than threatening it from the standpoint of whether or not it will be allowed to continue.

Now, not as a matter of philosophy but just as a matter of statement of facts I would like to list a few reasons as to why we need Government loans, no matter what the name of the agency is.

Credit is not always available from private sources on reasonable terms. That is just a matter of fact.

First of all, there are legal limitations. The amount of lending which any individual bank can make to any individual company varies. As the value of the dollar changes, those legal limitations run contrary to the needs of small business.

So that it isn't always a fact that a bank doesn't want to make a loan to a small company, but it is often the fact that they are not in the position to make the loan because of legal limitations. I would cite that or back it up with the fact that 30 percent of all the loans which the RFC has made do have some bank participation in the loans—30 percent of the number made, which indicates that the banks were interested in participating, or making loans to those particular companies, but they for some reason were not in position to make the whole amount of money needed available at the time, and it is almost a serious matter, in fact sometimes more serious a matter, of giving a company too little money, after having judged the need carefully, as not giving them the need at all, because you are simply expanding their debt without giving them the amount of funds needed to perform a useful purpose.

Another reason for the need for Government lending is the fact that many private banks do not find themselves in the position, or care, to make loans with a term as long as is needed for some small businesses. The term is too long for them to handle. They like to keep more flexible, or more fluid, and, as a consequence, some relatively long-term loans—I am just talking about 5-year loans or 10-year loans—are not available at all, from some portions of the private banking structure.

Another reason is that many banks don't care to make loans to small businesses, or small communities, because there is no established or satisfactory past earnings record. There may be reason for that or there may be very poor credit reasons for that, but the mere fact that a philosophy or a position of established credit, established earnings background, often prevents an individual from obtaining a needed loan.

That is particularly true, incidentally, in small communities. The public-agency type of loan which the RFC has been making, where investment banks and others in private financial sources are just not available. They want to wait until they have found that project has become seasoned, and find out that it will earn, and then private financing is usually available. But you have to take the first step to make the loan, and get the project underway, and most of the projects of that nature, as far as the RFC is concerned, are water facilities, sanitary facilities, sewage disposal, and that sort of thing, for small communities that can't finance otherwise.

As an illustration or factual bit of statistical background for that, I believe that the RFC has made about a billion and a half dollars' worth of loans to public agencies, aside from their private business loans, and those have been liquidated down to something like 23 or 25 million dollars, to show you that the loans are made, they are held for a while, they are seasoned, and then they are sold to insurance companies, investment banks, sometimes back to the communities, and so forth.

Another brief point, if I am not taking too much of your time, as a reason for failure of private funds to be available to small companies, is the fact that many people have a brick-and-mortar philosophy with regard to lending. They like to have established collateral, a building or something, against which a loan can be made.

I think that potential earnings are certainly a much sounder basis on which lending ought to be done, anyway, but the brick and mortar, amount of collateral, often may not be sufficient for a small company to obtain the necessary funds, particularly in an expanding economy, or in a period of rising prices.

It occurs to me also that I have heard various public statements and other indications that there were some people who wanted to abolish the RFC.

As I say, in the position I am presently in, I feel I can make somewhat of an objective comment on that.

It seems to me that the pro and cons on that are the type of thing that should very well be settled within a committee of this sort, where you are hearing the sound points, the problems, and the issues regarding small business, rather than on many of the grounds which are so frequently published.

The question of economy, and things of that sort, don't quite fit, in my judgment, any reasons for abolishing or not abolishing the RFC. I am not talking about the question of the name of it. I am talking about the question of a similar type of Government lending organization.

The RFC has made money, after paying all expenses. It is not necessary to tell you gentlemen of the committee that it doesn't get an appropriation from the Congress to operate. I was interested in preparing a little summary statement, as Mr. McDonald just left the Corporation, to indicate that it paid under his 13 months approximately about \$73 million into the United States Treasury. That, of course, is over and above the expenses of operating, rent, salaries, etc.

It also has a staff of competent and experienced personnel, which I would hope consideration would be given to, no matter what organization or name would be established, toward retaining that type of real experienced credit people—not only experienced in the sense of the knowledge of credit but also experienced in the sense of having continuously been in contact with the problems of small business in respective parts of the country.

It isn't as if the RFC just had contact with small-business people when a loan was authorized. For instance, during fiscal 1952 I happen to recall that RFC had some 40,000 inquiries for financial advice and assistance, very few of which actually developed into actual loans, knowledge of how to set up their simple bookkeeping systems, and things of that sort, so that they would be in a sounder credit position even without increasing the amount of their debt.

Another argument in regard to the RFC, or a similar type of organization, is the disaster-loan program, which I think hasn't been given quite as much attention in any of the bills that I have looked at here. During fiscal 1952 I know that 80 percent of all the loans which the RFC authorized were to disaster victims throughout some 23 States.

During this past year, for earthquakes, floods, and that sort of thing, disaster victims were assisted by loans from the RFC, many of the loans being very small, but nevertheless they were available and available promptly immediately after the disaster hit.

I also wish to suggest that one of the problems that merits some consideration in regard to the continuation of a lending organization is the question of administering, supervising the loans that have already been authorized, to make certain that public

money is carefully looked after, even if it has already been loaned. And the RFC has approximately 8,000 small business loans out at the present time, many of which call for a fair amount of continued supervision, supervision not of the management type, in the sense of making business decisions, but supervision as to the proper use of the funds and continued supervision to see that there is proper repayment, adjustment from time to time of conditions of loans to meet changing conditions of the companies, particularly in regard to conversion, to say, defense activities, or different types of activity on the part of the companies.

So that I think some attention should be given to the careful administration, and probably, most practically anyway, by the individuals who now know those companies and the credit conditions under which the loans were authorized.

There will be some inefficiency and delay if you have such a switch in the people there. I am not talking about top side, but the credit people that actually dealt with the company.

One other little group of notes, and then, gentlemen, I hope I may be useful in answering questions.

In examining some of the legislation, and particularly the legislation that is under your consideration, I have some general comments to make.

First of all, I feel that personally there is a great deal of merit in keeping the lending function of the Government separate from the function of procurement contracts or other needed assistance and guidance to small business. I will be glad to expand on that, if you like, but I think there is just some merit in keeping a lending organization, as such, pretty well specialized in lending and not also in seeing who gets what business.

I then refer to an agency set up to assist small business, such as you have in the SDPA at the present time. Its functions in the lending field are relatively slight. During the past 14 months, about 8 percent of the loans the RFC has made have been under section 714 of the Defense Production Act, and 83 percent were just regular loans to small business under the RFC Act, and 8 percent were under section 302 of the Defense Production Act, just a very tiny number of civil defense.

But a special agency for small business, such as you have at the present time in SDPA, aiding in other respects than lending, does have this authority, and I note some reference to it in the legislation before you, to the issuance of a certificate of competency for contracts, to make certain that a small-business man is considered, and as a matter of fact, given, if he is otherwise qualified, certain defense contracts.

That, as at the present time, is a weakness in the legislation, where one agency goes on record as saying, "This firm is competent to get such and such a contract," and says it is financially competent as well, and then turns to another agency of the Government and says, "Will you please make a loan to it?"

We have worked it out pretty well between the RFC and the SDPA so that those loans were granted, but there was delay and uncertainty on the part of the agency after it had certified as to the competency of the corporation or company.

I think that certainly the agency which has the authority to issue a certificate of competency should have the authority, for that specific case, to direct a lending agency to make that particular loan. It apparently was the intent of the Congress in giving authority for issuing certificates of competency to have the people in that agency to be of such sufficient competence and ability to judge when they should or should not

issue the certificate, and then when the funds should be made available, provided the funds are not available from private sources, and that, of course, applies to any Government lending. I have also the suggestion that the authority to guarantee private bank loans, on a case-by-case basis might well be included in the authority to an agency to grant direct loans.

At the present time the RFC has a guaranty authority, in the sense of bank participations and deferred participation pretty much the same as a guaranty. You have, however, throughout the Government other agencies involved in guaranteeing private bank loans.

It seems to me the Congress would be in a much better position to see whether the financial assistance to small business was being carried out as it intended and to see whether or not the Government as a whole were first checking to see whether private funds were available by direct loans, without a guaranty, then with a guaranty, and only as a last resort, direct Government funds loan, if the same agency were responsible for doing all of those, because in each case you could call upon the same individual to show that those steps were taken, rather than different agencies.

I think that would eliminate duplication, and it would keep trained creditmen on credit work, lessen delays, and otherwise have the advantages which I have pointed out.

I also suggest, although I know it doesn't quite fit with some ideas that have been presented recently, that there is dubious merit in having in the legislation a specific limitation on the size of a loan to be granted to any individual company.

I suggest that because of problems of inequity that come up, where an individual with exactly the same problem, exactly the same merits, exactly the same opportunity to obtain Government contracts, for instance, needs \$90,000 to do it, and he can be authorized, and another one who needs \$110,000 couldn't be authorized.

It seems to me one has to have a certain amount of confidence in the competence of the members of the Government that are administering the lending operation, to make certain that loan is not made on the basis of size, but made on the basis of the policy, limitations on policy, as to whether or not any loan should be granted. That seems to me of much more significance than whether it should be this size or that size—particularly since there are changes in the value of money, the size gets out of kilter.

I don't think we are in position to set an arbitrary formula, either as to how much should be loaned any particular company, or as to the overall size of loans for a corporation or company.

We did propose here recently, and have put into effect, in the RFC limitations for loans under a million dollars, which was that a special form be devised for any applicant who wants to obtain more money than the limitation, whatever it would be. He would just file a small one-page form indicating the purpose for which the loan was asked, and that would be passed on by a policy group, before he even had to go through all the trouble and expense of filing a more elaborate form, and it could be passed on, not on the size of the matter, but on the purpose of it.

I simply leave that as a short suggestion to you.

I also have, I think, indirectly, suggested that any legislation should make provision, it seems to me, for the disaster loan program, or for a disaster loan program of some sort, and also for loans to public agencies, small communities that can't obtain funds otherwise.

For an individual who didn't have a statement to make, I hope I haven't unduly taken

your time, but those are the comments that I wish to make, Mr. Chairman.

The CHAIRMAN. We are very glad to have them, Dr. Welsh.

Are there any questions of Dr. Welsh?

Mr. PATMAN. I don't want to take up too much time, Mr. Chairman, but I do want to ask 1 or 2 questions.

If you will notice, in this bill, Dr. Welsh, the policy group that is proposed in Mr. HILL's bill will be composed of the Administrator of the Small Business Administration, the Secretary of Commerce, and the Secretary of the Treasury. Do you think that would make a good policy group?

Dr. WELSH. It depends on who is in each one of those positions, but assuming the quality of the people there, I think the spots from which they are taken makes them an excellent choice, yes, Treasury, Commerce, and, of course, the Administrator, as a policy group, as I understand it, but not a group to act on each individual loan case, but somewhat the same as the present loan policy board.

Mr. PATMAN. That is the way I understand it. Just broad, general policy and not to pass on any individual loans or individual actions on any loans?

Dr. WELSH. Yes.

Mr. PATMAN. But to set the rules of the games, the general rules of the game?

Dr. WELSH. Yes.

Mr. PATMAN. It occurred to me that would be a good way for it to be handled. Then neither one, except the Administrator, would have any direct control over the administration.

Dr. WELSH. I suggest, Congressman, that there might be some merit to the provision—it might not be legislative, but when rules are established by such a group, there might be some provision that before they are put into effect they could be presented to a committee of this sort, not to pass on, but to discuss, if necessary, before they are in circulation, and advertised and so forth, throughout the country, to the banks and to the agencies.

Mr. PATMAN. Yes, that is a good idea, to be filed with special congressional committees in the Congress that have to do with the legislation. I think that is an excellent idea for consideration. I am glad you brought it up.

Now about these cities: I happen to know of some little towns in Texas which have a population of 1,000, 2,000, 3,000, up to 5,000, let us say, which have now floated bonds recently for public improvements that really relate to the health of the citizens of those towns, and they can't sell those bonds. There is no market for it. The RFC doesn't take them now, does it? Does the RFC take them now?

Dr. WELSH. Yes.

Mr. PATMAN. They are still taking them?

Dr. WELSH. Yes; they are still taking them. Of course, the quantity is less than during other periods, and rightly so.

Mr. PATMAN. I understood that they were discouraged. Does the RFC tell them to shop around first, and see if they can't sell them?

Dr. WELSH. In every case.

Mr. PATMAN. In every case?

Dr. WELSH. Yes, sir.

Mr. PATMAN. That is what they are doing then. And the best deal that one of those towns could get was to let some contractor have those bonds at 85 cents on the dollar. Now, I think they are either 3- or 3½-percent bonds. And to let this contractor have those bonds at 85 cents on the dollar and he would do a certain amount of that work needed by the city.

That just indicates to me that if some market is not available for those cities which, as you say, have no record of past payments of obligations and earnings, that they will

have no market for their securities, and they will be at the mercy of what you might call these glorified loan sharks, loan sharks on a much higher category than the ordinary loan shark, big loan sharks, which can be just as vicious and just as destructive, and they would be subject to whatever the loan sharks in that respect would want to charge.

Dr. WELSH. I think I would add there that the RFC has purchased some over 6,000 of these issues from time to time. Up to, as I said, about a billion and a half dollars total, probably best known for a few of the big projects, such as a few of the tunnels in New York City, the Pennsylvania Turnpike, Philadelphia's gas system, the Los Angeles water system, and the Bay Bridge out in Oakland, and so forth. Those were all financed by the RFC. But the majority of these loans, we call them public agency loans, are under a hundred thousand dollars.

Mr. PATMAN. Under a hundred thousand dollars.

Dr. WELSH. Yes; under a hundred thousand dollars, and a very large number of them are for water systems or sewage systems, for these small communities—many of them just strictly on health grounds have been absolutely necessary, but the funds are just not available. Incidentally, they pay off very well, too. The Corporation has made money continuously on those loans.

Mr. PATMAN. You mean the RFC has made money?

Dr. WELSH. Yes.

Mr. PATMAN. It is really interesting to me that you will take all these loans, from all these cities, and for all these other purposes, and they can't be sold otherwise, because the investors will just not put their money into the projects, under circumstances, but you take them, and season them up and you later feed them out to the market, and now out of \$1½ billion worth, the RFC has sold them all except about \$25 million worth.

Dr. WELSH. Yes. There are some new ones just authorized over the period of the last few years, but of the \$1½ billion I referred to, it is down to somewhere around \$25 million.

Mr. PATMAN. Now, Dr. Welsh, it is contemplated in this bill before us—it says nothing about the RFC, but we know what is in the cards for the RFC. Some very important people in the administration feel sincerely that the RFC should die in June of 1954, should go out of existence, but this bill is written on the theory that, during that time, both agencies will operate for small business, will be available to small-business concerns.

Do you think that is a good thing or not?

Dr. WELSH. Well, I would generalize by saying that if you can have 1 agency do something, don't ever have 2.

Mr. PATMAN. I agree with you, but don't you think it will really be an opportunity for this younger agency, if by chance the RFC should die next year, to kind of get their teeth into it during that period of time, and get the experience they will need to carry on the work, if the RFC does die?

Dr. WELSH. I would certainly say that it is well to be prepared for voiding a gap or a hiatus in the financial needs of small business.

Mr. PATMAN. That is right. As it is now, if we were to just say to the RFC "You can't do anything from now on," when this new agency takes over, there will be a hiatus, at which time the small-business concerns would not get the needed service, because a new agency would have to have time to start from scratch and build up.

Dr. WELSH. There is also the job of supervising the existing loans. We want to make certain that is provided for in some respect, because otherwise there would be a lot of loss of public monies.

Mr. PATMAN. Dr. Welsh, I appreciate your coming up here. I know you have made a

statement from an objective standpoint, you have no ax to grind, you are not partisan, and that you just want to do what is best for the interests of the country, and I personally appreciate very much your coming up and giving us the benefit of your testimony and experience, which I know we must value highly because of your fine public service over the years gone by.

Dr. WELSH. Thank you, sir.

The CHAIRMAN. Dr. TALLE.

Mr. TALLE. Mr. Welsh, if I may turn for a moment back to earlier work that you did, how would you evaluate the results of the long study of TNEC?

Dr. WELSH. There were so many parts to that study, sir, that I couldn't comment too usefully to you, but I do believe that it was one of the most useful compilations of information concerning the various aspects of industry in the United States, that has ever been done.

The CHAIRMAN. I might say for the benefit of the committee that the TNEC was set up, the TNEC's full name is Temporary National Economic Commission. It was an economic study, and a very voluminous study.

Mr. TALLE. The whole set, Mr. Welsh, is on my shelf, but what I am interested in knowing is this: Is it a record of what happened over a period of time, or is it serving as a guide for the prevention of monopolistic practices today?

Dr. WELSH. Well, I am of the opinion that it was in part, so voluminous, that not enough people have studied or read it, to have it as much of a guide for the present and future as it undoubtedly could be.

Also it has to be read with some care, because there are always personal opinions, and so forth, worked into the various monographs.

But it could be a guide, and certainly should be used as a basis to keep people alert to the necessity for private competitive enterprise in the United States. Sometimes that is overlooked. And on many subjects it is excellent both as accurate source material and as a possible guide for future activity.

Mr. TALLE. I am talking or thinking of the large business combinations that started in the early 1870's, and the various forms of large business organization, and the Sherman Act of 1890, the Clayton Act in 1914, and the Federal Trade Commission, established in the same year, 1914, and then this tremendous study, which is certainly voluminous, and still I hear practically every day that monopoly is a pretty rough customer.

Dr. WELSH. I think it is; I think it is also a thing that is more often spoken about as a safe statement to make than it is spoken about with any knowledge of the particular issue. An awful lot of people just talk monopoly generally, but as long as a group such as a committee of this type holds hearings, and as long as you do show yourself completely interested in small business, I think that will have more value than anything that has been written or compiled in the big volumes.

Mr. TALLE. I am glad to have your comment on that.

Now, if I may turn to the RFC, is it true that regional offices may handle loans without reference to the Washington office, in the event they do not exceed \$50,000?

Dr. WELSH. That is only partially correct, sir. No loan can be authorized by any field office of the RFC, without first having cleared that specific loan as to policy, in the Washington office. They can then go ahead and authorize the loan if they have gotten policy clearance.

Policy clearance is rather simple in procedure. The application is made to the office, the field office. The field office takes certain basic information as to the purpose of the loan, sends it in, and within, generally, 24 hours, they get their answer back.

It will or will not fit the loan policy of the Corporation as set up. They have to get that clearance before they can go ahead and authorize. Then they can authorize up to \$50,000.

Mr. TALLE. Will a regional office send a representative to the locale where the prospective lender is, and look, say, his plant over?

Dr. WELSH. Before a loan is granted, almost invariably.

Mr. TALLE. That is what I understand.

Dr. WELSH. That is the general practice, and if it is necessary to appraise the building, and so forth, and if it is necessary to look into the management, or check any of the statements that have been filed, it is done. It is done in cooperation, however, with the businessman himself. Not in the sense of an unknown surveillance or spying on him. It is done specifically as a good credit function.

Mr. TALLE. And do I understand that if a loan is turned down by a regional office, an appeal may be made to Washington?

Dr. WELSH. No loan can be turned down by the field office. If the field office decides—and it has a loan examiner who must give his recommendation, it has an assistant agency manager, an agency manager, and for the little larger loans, also a group of local businessmen who make their recommendations on each of the loans—if all of those are unfavorable, that loan application still has to come to the Washington office and go through the whole procedure here, of the examiner here.

The Review Board and the Administrator also.

We feel that that is a reasonable procedure, in the sense that everybody, credit men, policy people, should have a chance to shoot at it before it can be said this man cannot have the money.

Mr. TALLE. To what extent would you say that undue pressure has been made, over the years, on the management of RFC to grant loans which the management of RFC has not thought well of?

Dr. WELSH. I have been over the RFC only 2 years, of course. During that 2-year period I have seen very little pressure, and I have seen none that had any, as I could term it, effect upon the decision made. I can only read about the past, prior to the 2-year period about which I speak.

I am sure that any type of an organization that has to do with lending subject to pressure from individuals, but I have seen very little of it, as far as the effect is concerned. The setup is such that it makes it very difficult for pressure to have much effect. The record is clear as to what every individual thinks about this loan and why, through the whole procedure. And it gets up to the point where the pressure ordinarily would be put on the person who can give the yes or no answer at the top or near the top, and by that time the record is pretty complete as to all the facts on the case, and it isn't so likely to be subjected to pressure, any more than I will say, after the hearings in congressional investigations, many people who might have in the past been inclined to bring pressure are, shall we say, a bit more shy.

Mr. TALLE. Now, in the event that a constituent writes to his Member in Congress, and reports that he has applied for a loan, and asks the Member to call up the RFC and inquire as to whether the application has been received, would that be considered pressure?

Dr. WELSH. I would say—and now I am talking a little bit out of my bailiwick—I would say that a Congressman is somewhat delinquent in his responsibilities if he doesn't represent his constituents, sir, and I would say that to make an inquiry as to the status of a loan, or anything else about it, is a little different from saying "We want this loan made, you ought to do this, you ought to do that."

I think there are definitely clear-cut ways in which Congressmen can represent their constituents in dealing with the RFC or any other lending agency without putting undue pressure on it.

Mr. TALLE. I certainly agree with you, but I have seen some fantastic statements in print, charging Members of Congress with using undue pressure.

Dr. WELSH. You are correct.

Mr. TALLE. I am not familiar with any firsthand evidence of what any other Member of Congress has done. I only know my own record.

Secondly, are you aware of any undue pressure having been exercised within the executive establishment itself?

Dr. WELSH. Not since I have been there, sir.

Mr. TALLE. Was there any other influence that you were aware of, used on the RFC?

Dr. WELSH. I have not been aware of any influence that has had any effect on the decisions as to regarding loans.

Mr. TALLE. What is the overall record of the RFC as to profit and loss?

Dr. WELSH. I can't sum it up for you, although I can furnish it to the committee. The RFC has made a profit on its lending functions each year since it has been in operation. It has only one really large loan that went bad, and that has been amortized, and still a profit has been shown.

The RFC started out with a \$500 million capitalization from the Treasury. Through the operations of the lending functions, \$400 million of that stock has been retired. In addition to that, during that period, about \$400 million of dividends have been paid on the stock to the Treasury.

In addition to that, the Corporation has paid all of its salaries and expenses, and paid interest amounting to about another \$400 million interest to the Treasury on the money that it has gotten from it, so that you have a net over and above expenses, through the RFC's operation, of well over a billion dollars.

Precise figures can be furnished. Those are reasonable enough to be useful.

Mr. TALLE. You need not supply them unless they are called for, but I am glad to know that they will be available.

Another question: Have you found that the RFC has been reluctant to withdraw, once it has become a preferred creditor, we will say, in a bank, where the RFC would rank ahead of all other creditors?

Dr. WELSH. I would say that the RFC has been reluctant, where it thought that it risked its investment by withdrawing. If you mean by taking a second position on collateral—

Mr. TALLE. No; I meant, to be paid off and step out altogether.

Dr. WELSH. Oh, well, not since there has been an Administrator in charge of the RFC, sir. Since there has been an Administrator, there has been a distinct effort to act exactly in the opposite from that tendency. In other words, we have been making every effort to get out of any one of the loans that the RFC has made. Just this business of retiring these public agency loans in itself gives some evidence that it has been quite rapid during the last couple of years, and whenever a bank is willing to come in and take over, the RFC, it seems to me, has a legislative responsibility. Funds are now available and it must get out, unless it is at a distinct disadvantage, due to unreasonable rates or something of that sort.

Mr. TALLE. Is there any RFC money in any banks of the United States at the present time?

Dr. WELSH. Yes, sir. I can't tell you exactly how many. I do have those figures, but I don't have them at hand. There are still banks that have not been able to retire the preferred stock, which the RFC took in refinancing them, back in the thirties. They

are being decreased all the time. Each one of those banks is continuously contacted to see whether or not it is in a position to pay off part of it, and plans even for the next year, or the next few years, for their retirement, have been gone over with us, with respect to all the banks that we stock in. But national banking legislation prevents them from retiring them any faster than it is safe for the banks to do so, so we have that check on us.

Mr. TALLE. Are those banks numerous?

Dr. WELSH. Eleven, the record shows.

Mr. TALLE. It looks a little anomalous, on occasion, to tax businesses at so high a rate that they can't lay aside money to lift themselves up, and then on the other hand, the Government sets up lending agencies in order that they may be lifted up.

It would appear that reduced taxation would be a considerable help to business.

Dr. WELSH. I am quite confident that reduced taxation would be of considerable help not only to companies, but individuals, sir.

Mr. TALLE. It would to me, certainly.

Dr. WELSH. However, there is a situation where a company needs funds in order to produce and to operate, and whether you reduced taxes or whether you didn't, they would probably still need funds. There are those cases. I hope they are not numerous. I know there are some of them. We run into them all the time. Reduced taxation would obviously help as any other reduction in cost would help.

Mr. TALLE. Thank you.

The CHAIRMAN. Are there further questions?

Mr. WIDNALL. Mr. Chairman.

The CHAIRMAN. Mr. WIDNALL.

Mr. WIDNALL. In figuring out your profit-and-loss statement for RFC, is a full charge made for use of premises?

Dr. WELSH. Rent, yes sir; so much per square foot, we are paying, through GSA, on the building.

That has not been true throughout the whole history of RFC, sir.

But it is true at the present time.

Mr. WIDNALL. It is true at the present time?

Dr. WELSH. Yes, sir.

Mr. WIDNALL. Is it true that sometimes in making RFC loans, there has been insistence on recognition of a labor union within a plant?

Dr. WELSH. Not to my knowledge, sir. It certainly is not a part of our standards or policy in any respect, either written or oral.

Mr. WIDNALL. I have heard the allegation made that where RFC has gone in to save a bank or to help in the operation of a bank, there has been insistence on recognition of an employee union?

Dr. WELSH. That could be true, sir; I do not know. The RFC has not been for some time making any loans to banks. The reference that I made was to whether we had gotten out of all the loans made previously, but there are no loans being made to banks at the present time.

Mr. WIDNALL. I heard the complaint made by some bankers that in some instances where there has been an RFC loan, the RFC has authorized changes in the employee set-up with respect to salaries and benefits, which have made it difficult for other banks to compete, and they have done it through recognition of labor unions.

They have also at the same time maintained their own position in the bank, because the bank was unable to pay off on the RFC stock, on account of the increased costs.

Dr. WELSH. I am sorry not to be more helpful to you than I can be on that particular question because, as I say, we have not been making any loans to banks for some time and none since I have been there, and the setup as far as the existing loans to banks—that is mostly on the preferred stock—is that they have to come in and get

approval from the RFC for salary increases in the bank.

Those are initiated by the management of the bank and they submit them to the RFC for approval. The only purpose of that is to make certain that they are not making unusual payments that would delay further their repayment of their preferred stock to the RFC, so that the entire attention that the RFC has been giving has been to discouraging increases to the extent possible because it does affect adversely, often, the position of the RFC.

Mr. WIDNALL. Well, the charge has been made that actually the impetus for changing salaries and upping benefits has come from someone in the RFC who wanted to maintain their position in that bank and not have the RFC loan paid up.

Dr. WELSH. I am sorry I cannot comment on that.

I know that has not been the policy and I have certainly had no part in thinking of that sort, sir.

Mr. MERRILL. Mr. Chairman.

The CHAIRMAN. Mr. MERRILL.

Mr. MERRILL. As I understand it, these municipal loans that you have been making cannot possibly be made through any authorization in this bill we are considering now.

Dr. WELSH. That is right.

Mr. MERRILL. When you talk of these loans to small business on their future earnings, are you talking primarily about loans to carry out defense contracts, or are you thinking about a permanent program that will continue beyond any defense effort?

Dr. WELSH. I was thinking of both, sir.

Mr. MERRILL. I hardly know enough about this problem to ask the question, so be sympathetic with me.

It seems to me there is a line where a loan must stop, and risk capital must take over.

It seems to me that probably, in this direct-loan program based upon future earnings, perhaps the loan program is getting very close to it, and if not properly managed could very easily reach over into the field where legitimately, or where properly, risk capital should provide the money.

Can you comment on that and try to explain how this program, this lending program for small business, would operate in that marginal field and what safeguards we have to keep the lending from encroaching too much into the risk capital field?

Dr. WELSH. First, I would say that without good administration, any Government lending agency can get over into areas where private-risk capital should operate.

So that your first confidence has to be in the people who are going to operate it, no matter what rules you set down and what the legislation says.

The more persuaded the administration of the lending agency is that private funds must be exhausted before any Government funds are used, why, the more you are going to reach the objective, which I gathered from your question you probably had in mind.

That is one of the reasons I suggested that business of guaranties, and so forth, and the same agency, so you could check right along to see whether private funds were available.

The safeguards are not the type of safeguards you could put into a formula, I believe. We are employing them now to an extent to which we feel is practical by—whenever we find that there seems to be not only a need for but a practical possibility of obtaining equity capital, we put in our loan authorizations the requirement that there be an injection of so much money before we even authorize the loan. They have to put that money in ahead of the Government money, or the loan is canceled out. Whether the right percentages are used or the right

amount is used in each individual case, of course, that is a matter of judgment.

But I think that it is a sound provision that in each case there should be a requirement for some injection of equity, to the extent that it can be shown it is available, reasonably available.

Mr. MERRILL. As I understand it, then, when this type of legislation is enacted, it is your opinion that the Congress has thrown the program over to the administrators, and if you do not have the right kind of administrator you could get into it and you have just got to have the right kind of man operating the program.

Dr. WELSH. I certainly agree with you, until you can catch up with it, mistakes are always possible.

Mr. MERRILL. It would be useless to try to safeguard by legislative means.

Dr. WELSH. I do not believe you could write into any legislation sound judgment and integrity on the part of the people administering it.

Mr. MERRILL. You say that the lending powers of this program should be separate from the advisory powers, the general helpful duties, say, that an agency of this type should perform.

Would it be your idea that ultimately perhaps the helpful powers, the advisory powers, and all that, should be, say, in the Department of Commerce, with the lending power over here, in a continuing RFC? Is that your idea?

Dr. WELSH. The lending power in a continuing RFC—and the name is only to identify it—to me makes the best sense.

Whether the advisory powers would be in the Department of Commerce or a separate advisory agency to give it the type of prestige it might well merit. I can see much advantage in that. Once it is buried—and I do not mean intentionally, but just one of a number of offices, in a department—then it is also considered to be that small, even though it might be very influential.

If it gets separate attention, separate building, and separate letterheads, it does have additional prestige. And I believe also you can get men of a little greater standing to come into something as a separate agency than down as a part of a department.

As far as the separate lending agency is concerned, I see a great deal of merit in separating, to the extent possible, Government lending to private business from management of private business.

Once you get into the matter of trying to handle contracts, and advise them in this and that, and help them in various dealings with the Government, you are getting into their management, and I think it is well to keep a financial role of the Government, in small business, as independent and separate and subject to continuous inspection of the Congress, and you cannot do that once you get it into that phase of it. That is only my personal comment, sir.

Mr. MERRILL. Aren't you apt to make more unsound loans if the man who have become all excited about the program also gets to pass on how much money you feed into it?

Dr. WELSH. I would have added that, sir, but I did not want to reflect on any suggestions that have been made. I certainly agree with that.

Mr. MERRILL. It is the sound business of banking, is it not, that the man who is finally going to let the money out should be over here on one side, unemotionally to look over the whole program after it has been worked out, without having, you might say, any excitement about the program, so that when he makes his authorization for the loan it is on the basis of a completely independent and fresh judgment? Is that not good sound financial policy?

Dr. WELSH. It is not only sound but I would like to have said it that well, sir.

Mr. MERRILL. Thank you.

Now, let me ask this question—and let me say this, too, having had some experience with the business of the RFC: While I do not deny the newspapers, I feel that agency must have had a split personality, because those fellows, it seems to me, that I dealt with, were experts in their field, the ones working in the business end of RFC; but, apart from that, do you think that the success of the program, insofar as not losing my money, was in any way due to the fact, that we were in a boom, in an ever-rising price market so that it was always possible to sell tomorrow for more than you paid today?

Do you think that that ever-increasing price structure that we had accounted in any large measure for the great success of the RFC program, so far as losses are concerned?

Dr. WELSH. I certainly think it contributed. There is no time when it is easier to pay off debt than in a rising market and a market of expanding business. That certainly increased the possibility of the private companies, and communities that had borrowed from the RFC, to pay off and has increased and improved the market for the securities that we have held.

On the other hand, as I say, the RFC did make money each year during the thirties too, and while they were in a rising market, there, I would not want to say that in any sense it was just due to great ability, but it was due to a combination of circumstances, one of which was ability.

There has been a remarkable amount of creditability in the RFC. I did not know anything about the people when I went there, but I found an amazing number of competent, able credit people in that agency.

Mr. MERRILL. Do you feel that the present credit policies used by the RFC are sufficient to safeguard the program in the event of a drop in the price structure in the future?

Dr. WELSH. I think so. I think that they are safer than almost any other lending operations, private lending operations in the United States.

Mr. MERRILL. Now, this question may be out of your field. If you don't want to answer it, don't bother. From your contacts with small business, through this program, what is your opinion as to the excess-profits tax? Do you believe that it would be wise, from the standpoint of small business, to relieve them from the burden of excess profits at this time? If you don't want to answer that, it is all right.

Dr. WELSH. No; I will make just a couple of general comments.

In the question of reducing taxes, I always like to look first of all at what we are using the funds for. If there is any way in which you can cut down in the need for the funds; and, if you can, the proper thing to do is to cut taxes.

As far as removing an excess-profits tax from small business, and not removing it from large business—

Mr. MERRILL. I don't mean that.

Dr. WELSH. I would certainly be opposed to that, because I don't think you should enable small business to thrive through special privilege.

Mr. MERRILL. Perhaps I should say this: Is small business more involved in the excess-profits tax than large business?

Dr. WELSH. I don't think I am competent to answer that, sir.

Mr. MERRILL. Assuming that you were going to treat them all alike, do you consider the excess-profits tax, we will say, an especially vicious tax, which should go before other taxes, in the way of tax reduction, or not? If you can't answer it; it is all right.

Dr. WELSH. Well, do you want me to compare the excess-profits tax with all other types of taxes?

Mr. MERRILL. General corporate tax.

Dr. WELSH. As to general corporate tax, obviously, it should go first.

Mr. MERRILL. Even if you increase the general corporate tax to take care of that? Dr. WELSH. I would want to know the conditions under which the others were to be increased.

Mr. MERRILL. Thank you. I am sorry I got a little afield.

Mr. SPENCE. Dr. Welsh, I judge from your statement you think it would be a mistake to abolish the RFC.

Dr. WELSH. I think it would be; yes, sir. I told you I didn't think that the name itself was the significant thing, but an independent lending agency, subject both to the Congress and to the Executive, in my judgment, is a sound arrangement.

Mr. SPENCE. Don't you think the wide experience they have had would be beneficial?

Dr. WELSH. I don't think you can buy it anywhere.

* The CHAIRMAN. Thank you, Dr. Welsh.

Dr. WELSH. Thank you, Mr. Chairman and gentlemen.

The CHAIRMAN. We are very glad to have your views. I feel you have made a very valuable contribution to the subject matter under discussion.

Dr. WELSH. Thank you.

In my endeavor to emphasize the insidious attack currently being waged against small business, I want to ask your special attention to the testimony given before the Banking and Currency Committee by Dr. Edward C. Welsh.

I suggest that you give Dr. Welsh's testimony particular weight because of its nonemotional and objective character. His wide experience and energetic support for private competitive enterprise—particularly small business—has earned him the respect of thoughtful men in both of our great political parties.

For those who may not have an opportunity to read Dr. Welsh's testimony right away, I will take just a few minutes to outline several of the points he emphasized:

First. To give equality of opportunity but not special privilege to small business, it is sound for there to be a Government lending agency;

Second. Such agency should make loans and not grants—to enable small business and small communities to perform essential functions in a competitive economy;

Third. Funds for these useful purposes are not available to the extent needed, from private sources. This is due in part to legal limitations on private bank lending and in part to private banking policies;

Fourth. The RFC is an efficient organization, with highly competent personnel. Its existence should not be threatened. On the other hand, the Congress should see to it that its lending policy is flexible and adjustable to changing economic conditions;

Fifth. The RFC, regardless of its name or initials, should be strictly a lending agency, handling loans to small businesses, small communities, and disaster victims. It should handle also Government-guaranteed loans. Under those circumstances, the Congress could look to one Government agency to see that private capital is given first opportunity and then that Government funds were being loaned properly;

Sixth. Government lending should not interfere with private-business manage-

ment; hence, the Government lending agency should be separate and distinct from any Government function of letting Government contracts, obtaining procurement opportunities, and so forth;

Seventh. The RFC is an earner. During a recent 13-month period the RFC paid to the United States Territory \$173 million, after having met all of its expenses without any appropriation from Congress;

Eighth. Small business is threatened in the United States and it is the responsibility of the United States Government to protect and assist anything so basic to the preservation and progress of our capitalistic system;

Ninth. Congress should not legislate as to the size of loans or otherwise attempt to judge in advance just how much is needed and by whom for essential purposes. Rather, Congress should keep alert at all times to see that the Government lending agency is doing effectively and efficiently what those in Congress who favor fairness to small business want done.

Tenth. The Congress should be alert at all times to see that a Government lending agency is being administered properly and in accord with congressional intent. Do not kill the organization in the process and do not be fooled with the false arguments of economy or of the absence of need for the agency. The RFC should be continued, should not be merged with the SDPA, and should be given congressional assurance that small business is to be given a fair break as regards both working capital and capital for needed facilities.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, I do not think that my good friend, the gentleman from Texas [Mr. PATMAN], is really angry with me. He may be, but he should not be, because he and I have been good friends too long to have any falling out about a matter like this. But since he went to such great lengths to talk about me and what I had done as the majority leader, possibly I might comment without too much rancor that I never saw a man press so hard to try to get himself off the spot as he was pressing here.

If you will read the minority views with respect to the bipartisanship feature, you will find out, first of all, that the Small Business Committee did consider this matter, and they say in the minority views—the gentleman from Texas and the gentleman from New York—that they agree in principle with this act. If you read on through the minority views you will find that they challenge only two things, and those have been indicated by the talk here today as things that would be subject to amendment or offered for amendment. One was the reduction from \$500 million to \$250 million in the revolving fund and the other was the limitation of \$100,000 as the amount of loan.

Now, I say, sometimes one can protest too much. The gentleman from

Texas undertakes to take me to task on a personal basis for putting on yesterday a proposal that bore my name as the author. Well, that measure had been introduced 2 months before, and I think the present whip on the minority side, who has long served as majority leader on his side, would agree with me that when you put out a whip notice and you lump together for Tuesday, Wednesday, Thursday, and Friday, or whatever it is, a lot of bills, no one assumes from that or no one understands from that that you are going to call them up in the order in which they are listed. So, I must say that I resent in some slight measure an effort to question my integrity in the matter of leadership or in the matter of putting on these measures yesterday.

One of them took a little longer than I thought it would, and that was not my fault. However, let me just point out, since the gentlemen from Texas so belabored the point, that the explanation of this bill could have been given in a comparatively short time. He says now since he studied it a little more, maybe he does not like some parts of it, but he is going to go along with it, and I take it he felt that way about it yesterday evening. There could have been an explanation of the bill, there could have been a presentation of the arguments for 10 or 15 minutes on each side on the two amendments—those are the only things at issue here—and the matter could have been disposed of by 6 o'clock yesterday evening, and there would not have been any indecent burial of any small-business bill, not by any manner of means. The House could have worked its will. Probably there would have been more Members here paying attention to what was going on yesterday afternoon than there will be here today, so I say it could have been disposed of, and I am not going to take the responsibility.

Again, as far as bipartisanship is concerned, let me say this:

The gentleman from Texas will remember that I served as chairman of the first Small Business Committee that this House of Representatives ever knew. It was a Republican committee. I was named by the minority leader, now Speaker, the gentleman from Massachusetts [Mr. MARTIN]. We had an all-Republican committee. We held hearings in behalf of small business when the impact of World War II and the defense operations began to be felt. It was only after we got that under way that the gentleman from Texas introduced the resolution to make the committee an official committee of the House of Representatives. When he did that we were happy on our side to fold up the operations of our Republican committee and join with him in carrying on all the functions of the official Small Business Committee. I was happy and proud to serve as the Republican ranking Member with him until I became majority leader in the 80th Congress, when of necessity I dropped off the committee. Then for 4 years I served again as ranking Republican Member. We did operate generally speaking on a bipartisan basis except

when once in a while the gentleman from Texas would get off on some of his pet theories that had nothing to do particularly with small business, and we had to sort of get him back on the track. But generally we agreed.

There is no difference here. You say in your minority views that you agree with us in principle. You say you only challenge two things which are of any consequence. I will tell you what I think is the matter with the gentleman from Texas. He sees here a real effort to do something in the Congress which will be of continuing real benefit to small business. I am afraid the gentleman just cannot stand the fact that it happens to be a Republican bill, reported by a Republican committee, which is going to be adopted by a Republican Congress.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. PATMAN. What does the gentleman say about the RFC discontinuing loans to the small communities throughout the land? This bill does not provide anything at all for that—nothing.

Mr. HALLECK. Since you brought that up, may I say to the gentleman from Texas that you said the RFC has made a lot of things possible, and believe me in recent years, it did make a lot of things possible. It made a lot of things possible that came to be a stench in the nostrils of right-thinking people all over this country. 'I am glad the administration has decided, after consultation with the Republican leadership of the Congress, that we will let the RFC expire.

Mr. PATMAN. Mr. Chairman, will the gentleman yield further?

Mr. HALLECK. I yield.

Mr. PATMAN. But you are not talking about the small community loans. You see there is no stench there. There was not even any charge of any kind of wrongdoing. They made \$1,500,000,000 worth of loans and all except \$25 million of that have been sold in the market.

Mr. HALLECK. Maybe there wasn't, but the principal complaint made by you, as I gather, was that the bonds of Florence, Ala., if I recall correctly, were going to be tax free and they are drawing 5 percent interest.

I know the gentleman has always been for one-half of 1 percent money or something like that, and in that time the people who have been saving their money, and who have exercised a little thrift, have seen a big part of their savings go out the window.

Now, to get back to the RFC. As I say, I think most people have decided, by and large, that it served its usefulness. There is also a recognition on the part of the Eisenhower administration, on the part of the Department of Commerce, and now on the part of the Republicans in Congress, that some such thing as we are attempting to do here is highly desirable from the standpoint of the protection and assistance to small business. I am just a little amazed at the tangents of the argument which the gentleman from Texas presented. It has made me believe that he is trying to prove there was so much to talk about here that we could

not dispose of it yestreday. Why, most of what he talked about had nothing to do with this bill. He should have been up here commending the Committee on Banking and Currency for bringing out a bill that makes this agency an independent agency of the Government, answerable only to the President of the United States. The gentleman from Texas will remember that I went with him to the Committee on Banking and Currency 2 years ago, and there argued with him as the ranking Republican member of the Small Business Committee of which he was then the chairman that we did not want this small-business agency fastened in with one of the great departments of Government, because we wanted it to be operated in the interest of small business. That is what this bill provides.

I know there are some here who think we should not even have this kind of bill, and that all of these matters could be taken care of through private channels. I wish I could be absolutely sure that that would follow, but I do not think we are up to that point yet. What I say is that here is a good bill. Instead of anyone questioning it, they ought to be here promoting it. If the RFC is to expire, and, as I say, I hope it does, then let us have this agency made into a permanent agency of the Government, subject only to the action of the Congress of the United States to terminate its operations, because nothing, after all, is really permanent, and so long as that applies, and I should say at least by its terms it has no specific limitation date, we should pass this bill. I think it will be a great boon to the really small business of this country. Two hundred and fifty million dollars in a revolving fund is plenty of money. If the time comes that they need more money or it is deemed desirable to give it to them, the Congress is free to act.

As far as the \$100,000 limit is concerned, if you are really undertaking to deal with small business—and that is what I think we are trying to do here—let us forget about some of these great big loans away up in the millions and millions of dollars, that did not turn out so very well. Let us keep it down to the point where it will be of real help to the small business of this country. If we do that, I think the people will applaud us, and they will applaud our accomplishments and our action here to really do something for small business.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, I regret exceedingly, and I think most of the membership does, that some partisan politics is beginning to creep into the consideration of this bill.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. I think we should keep the record straight. The Senate bill calls for a \$100 million revolving fund. The first bill introduced by

the gentleman from Colorado [Mr. HILL] called for \$50 million. Then he introduced a bill afterward for \$500 million. It is very difficult to define small business. Therefore the \$100,000 limitation in the bill will be helpful for this purpose. If a man in my section of the country wants to borrow \$100,000, we consider him to be in rather big business. I am in favor of extending the RFC. It should not die. But, if this is a little-business bill, let us pass it on its merits.

Mr. MULTER. I thank the gentleman for that contribution, and I trust that when it comes to the revision of the remarks, both the gentleman from Texas [Mr. PATMAN] and the gentleman from Indiana [Mr. HALLECK] will delete all of the personal references to one another. I am sure they will agree, upon wiser reflection, they do not belong in this debate. They do not contribute anything to it.

I think I can say, for both sides of the aisles, that we believe that everything the distinguished majority leader, the gentleman from Indiana [Mr. HALLECK] did with reference to this bill yesterday and today was done with the utmost good faith, and he certainly has given us ample time to consider this bill and to consider it on its merits. He is always fair and gentlemanly. During all the time that he was a member of the Small Business Committee, he showed that this committee did try to operate on a nonpartisan—not a bipartisan—but on a nonpartisan basis. The gentleman from Texas [Mr. PATMAN], while chairman of the committee and while ranking minority member, showed the same spirit during all of his activities in the conduct of that committee, as he does in considering all matters that come before us. Let us eliminate any bitterness or rancor that has unfortunately been injected into this debate.

Let us bear in mind that in the introductory section of this bill we use this phrase:

The essence of the American economic system of private enterprise is free competition.

We do not talk about the Republican economic system. We do not talk about the Democratic economic system. It is the American economic system we are dealing with, and we say:

Only through full and free competition can free markets, free entry into business and opportunities for the expression and growth of personal initiative and individual judgment be assured.

That goes for both Democrats and Republicans alike. So let us address ourselves to the merits of the few things that are in controversy.

Both sides agree that this is a good bill and that the American economy needs it and that small business needs the help we are trying to set up for it by this bill. The only difference is in the amounts that are to be authorized to accomplish this laudable purpose. The Small Business Committee unanimously instructed the distinguished gentleman from Colorado [Mr. HILL] to introduce a bill calling for \$500 million of lending authority, with \$400 million of general

lending authority and \$100 million as it is limited in the bill now before you. There was no limitation on the amount of the loan. One hundred thousand dollars is big money to many a small business, but at the same time there are many small businesses that cannot operate with \$100,000 and will not be able to operate with a \$100,000 loan. Just as we have left in the bill a very flexible definition of small business, we must leave with the agency we create the right to determine what the amount should be.

You all know that in some instances a small-business plant may have to pay as much as \$100,000 just to build a single machine. That is true in the electronics industry. That is true in the plastics industry. That is true in almost every other industry that is trying to fit into the defense effort.

So I say that, as expressed heretofore in the Small Business Committee, and as developed by its hearings throughout the country, unless you are going to have an authorization of \$500 million, this Small Business Administration will not be able to operate properly. Unless you delete that limitation of a maximum loan of \$100,000 to any one small-business enterprise, the agency cannot be effective and operate as it should operate if it is to be an effective agency.

It is all right to say, as some of you will: Let us try it on this basis, then come back later and increase it; but we know from past experience with RFC loans to small business—and nobody can criticize the RFC loans that were made to small business—a \$100,000 limitation will scuttle this program.

Mr. DONOVAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. Yes.

Mr. DONOVAN. Under the Small Defense Plants Administration that was set up by the last Congress, how much was in the revolving fund available for loans?

Mr. MULTER. The Small Defense Plants Administration was not authorized to make any loans, and there was no authorization for any sum of money. The Small Defense Plants Administration was authorized by the Congress, and as it exists today is authorized merely to recommend to RFC the making of loans. The RFC then approves or disapproves as it sees fit.

Mr. DONOVAN. Up to what limit?

Mr. MULTER. There was no limitation; and, as a matter of fact, one of the things I want to point out is this very significant fact: Under the Small Defense Plants Administration as it existed during World War II there was no limitation on the amount of loans. Had the limitation of \$100,000 per loan existed at that time the record shows that 75 percent of the loans to small business would have been refused and could never have been made.

Mr. DONOVAN. One further question, if the gentleman will permit.

Mr. MULTER. Certainly.

Mr. DONOVAN. Can the gentleman tell the Committee how many millions of dollars were recommended by the Small Defense Plants Administration?

Mr. MULTER. In dollars, I cannot give it to the gentleman. Three hundred and fifty-six loans were made, and of those 356, 36 percent, or 127, were in excess of \$100,000. That means that the small-business economy that needs the help cannot get it if you have this \$100,000 limitation in this bill; and I do hope that when the amendment is offered by the distinguished gentleman from Texas [Mr. PATMAN] to eliminate that limitation you will go along and do it, and do it on the nonpartisan basis that all of the legislation connected with small business has been handled heretofore; let us not get into any partisan squabbles or quibbles about it.

Let me state that it is correct that Mr. Sheaffer did say as the gentleman from Texas said, that ultimately he wanted to see this agency in the Department of Commerce, but that as of now it was his opinion that it must be an independent agency if it is to operate to the best advantage.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. SEELY-BROWN. If the gentleman desires it, I can provide him with the detailed information regarding the amount of loans that have been recommended—in response to the question just asked.

Mr. MULTER. I would be very happy to have it and thank the gentleman for it. The information which is handed to me by our distinguished colleague from Connecticut [Mr. SEELY-BROWN] is most apropos and is as follows:

Résumé of period January 1952 to March 27, 1953: 1,845 applications for \$452.5 million filed; 1,378 for \$378.9 million withdrawn or found ineligible; 430 for \$55.7 million favorably recommended to RFC; 38 for \$4.3 million declined by RFC; 36 for \$6.1 million pending action by RFC; 356 for \$44.8 million approved by RFC under its 3 leading authorities.

Average size of loan approximately \$126,000.

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I am happy to.

Mr. TALLE. I am very glad the gentleman from New York stated as he did a moment ago that Mr. Sheaffer was heartily in favor of the bill. That was certainly my impression.

Mr. MULTER. Yes, he was heartily in favor of the bill; and he did say that as of this time he wants to see this an independent agency. Then he went on and added that at some future time when they got through with the reorganization of the Department of Commerce he thought that at that time this agency should be made a part of the Department of Commerce. But let us argue that at the time it comes up, when the Department of Commerce reorganization is complete; let us not try to meet that issue at this time.

Mr. TALLE. I agree with the gentleman that Mr. Sheaffer stated he was heartily in favor of this bill.

Mr. MULTER. I trust you will go along with the opinion of the Small Business Committee of the House in recommending that this authorization be \$500 million; and bear in mind we are not

spending one dollar of that sum. All of this \$500 million is for loans, every dollar of it will come back with interest. Our experience with loans to the small-business interests of the country is that with very few exceptions every loan has been paid back, and the interest that has been earned on the loans that have been made have more than paid a profit to the United States Treasury over and above all losses. The overall picture shows a profit and not a loss in dealing with the small business of the country.

We can safely go ahead with this program of a \$500 million authorization and without any limitation on the amount of any single loan.

(Mr. SEELY-BROWN asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. SEELY-BROWN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. GAMBLE. Mr. Chairman, I yield 15 minutes to the gentleman from Colorado [Mr. HILL].

(Mr. HILL asked and was given permission to revise and extend his remarks.)

(Mr. SEELY-BROWN asked and was given permission to extend his remarks following those of Mr. HILL.)

Mr. HILL. Mr. Chairman, before I begin my prepared statement I should like to hand to the gentleman from New York [Mr. MULTER] this page. On it he will find the exact sum that the SDPA and the RFC together loaned to small business firms as reported in their sixth quarterly report of April 15, 1953. That sum is \$44,798,327. I am glad to put this information in the RECORD.

In making this statement I should say that those loans are made by the RFC on the recommendation of the SDPA. I want to frankly confess in the beginning of my few remarks that they have done a good job in connection with these loans. In other words, these loans have been worthwhile not only to small business firms but the loans have really helped the war effort and the general economy of the Nation.

The bill we are considering today, H. R. 5141, is not the result of sudden or impulsive action by either the Banking and Currency Committee or your Select Committee on Small Business, but rather a continuous growth through many years of a realization of the importance of the small business enterpriser to our national economy.

Before discussing the measure or the importance of free competition and small business operation, I wish to compliment highly the splendid cooperation and support I have had, unanimously, from your Select Committee on Small Business, of which I am the chairman. Our committee considered this legislation from all angles, discussed every statement and the sections of the bill, sentence by sentence. We felt it was important that this legislation be simple, straightforward, and yet give enough attention to details to be certain the purpose and the thinking behind this measure could not possibly be misunderstood.

The Banking and Currency Committee is to be complimented on their careful analysis of every phrase in the bill, and the changes they made were all suggested because of the conscientious effort and the intense desire to present a measure to this House that could and should be unanimously supported by every Member of this body. I personally appreciate the fine work that has been done by not only the committee members themselves, but also the assistance of the staff who labored unceasingly to polish up this measure and to finish it in a form that I feel, personally, has been improved since the introduction of the original bill, H. R. 4090.

In the discussion of this measure I am sure we should not permit any section of it to receive too much attention or emphasis. The entire bill performs, we think, a real purpose and carries with it an intent of performance that should not be overshadowed by controversial issues on certain sections.

I am sure Members of this body will understand what I refer to.

This legislation, H. R. 5141, we are certain, lays the foundation and provides the base from which our national economic welfare can continue to develop, and free men, as in times gone by, will be able to begin to organize and to plan new industries, develop new processes, and, in short, keep American economic life free, open, and competitive from every angle.

Mr. Chairman, H. R. 4090, the original bill that I introduced, has been replaced by H. R. 5141, and H. R. 5141 was stricken in its entirety and the Committee on Banking and Currency substituted as a bill H. R. 5141, as amended. This is the bill we are considering this afternoon.

Past congressional recognition of the problems of small business has been limited to measures seeking for small business during times of war or national emergency a fair and equal participation in war and mobilization programs.

The time has come, it seems to me, that small-business enterprises should be viewed not as a war-born stepchild but in their true perspective as the economic backbone of our entire national economy. A vigorous, healthy small business is the best barometer of, and safeguard for, a continued prosperity and security of our Nation. This bill is permanent legislation, and is meant to accomplish through a Small Business Administration three basic essentials:

First. To make small-business enterprisers sound and self-sufficient by making available to them technical, financial, and managerial aids and assistance.

Second. To insure during times of emergency or of war an equal opportunity to participate in various types of Government functions necessary to carry out an intelligent and necessary planned war effort, eliminating past inequities and maladjustments that have been apparent in the production for war.

Third. To concentrate the administering of small-business programs into one independent agency of the Government.

The present small-business programs overlap, work at cross purposes, and many are inefficient, ineffective, and expensive. This legislation authorizes the President to eliminate this senseless duplication and waste of effort and money by placing all small-business functions of all the agencies in the Government under one head where they rightly belong—the Small Business Administration.

In this way small enterprises would be strengthened and developed, free competitive enterprise remain healthy, and the economic well-being of all our people, as well as the security of our country maintained.

Mr. Chairman, the Select Committee on Small Business, composed of WILLIAM S. HILL, R. WALTER RIEHLMAN, HORACE SEELY-BROWN, JR., WILLIAM M. MCCULLOCH, TIMOTHY P. SHEEHAN, and CRAIG HOSMER, on the majority side; and WRIGHT PATMAN, JOE L. EVINS, ABRAHAM J. MULTER, SIDNEY R. YATES, and TOM STEED, on the minority side, has carefully considered this legislation and with very little suggested changes have unanimously supported the passage of this measure.

There are some sections of this legislation that all the members are not in agreement as to the exact wording or the particular phrasing of the sections. In the section concerning loans, the amounts have been questioned. But I might add all the doubts in the minds of the members are no concerning the basic ideas expressed in the bill. They are only in regard as to how to carry out the intended purpose of the legislation.

The Small Business Committee realizes that what we need is intelligent and forthright action at the present time on such legislation as is prosed in H. R. 5141. SDPA legislation, under which small-business enterprisers have been working for the past 2 years, is a section in the Small Defense Production Act of 1950, section 714. And now it seems that action should be taken to establish a permanent agency independent and owing no allegiance to any other organizations than legitimate small-business firms. With such an agency continuously serving the interest of small firms, I am convinced that small business will be strengthened and developed and that free competition will remain and the economic well-being of our country be advanced.

The SDPA is a war measure and expires or ends on June 30, 1953. Any assistance small business has received by way of section 714 of the Defense Production Act of 1950 has been based definitely on a war-organized program or, in other words, the defense program.

H. R. 5141 goes farther than a war effort or defense preparation. This bill provides for small-business assistance in peace, as well as defense, good times as well as bad. In fact, this legislation provides a permanent Small Business Administration.

This is certainly not another agency. In fact, it is just the opposite. Here we are replacing a wartime agency, the

SDPA disappears and SBA supplants its activities. We may expect and in fact we provide in this legislation that small-business activities in every department of the Government, the Army, the Navy, the Air Corps, all Federal agencies and departments, would discontinue their small-business-activities programs, and so forth, and it would pass into this autonomous integrated small-business agency. This we are certain would curtail Federal expenses, prevent overlapping, and would result in building up a more valuable program for small business than could possibly be done when the small-business programs are scattered through all agencies of the Government and uncoordinated, unorganized, and acting without a unified, centrally controlled direction.

Specialists on small-business programs of Apr. 10, 1953, in the Armed Forces

	Full time	Part time	Total	Salaries
Army-----	57	263	320	\$1,191,546,000
Navy-----	62	149	211	503,260,000
Air Force-----	52	8	60	326,902,000
Total-----	171	420	591	2,021,708,000

From good authority we learn that the small-business programs and efforts that are being made by the various departments are costing annually more than \$25 million. Certainly this Small Business Administration can operate, do a good job, and save the taxpayers money by assembling and properly handling in one group, staffed by competent help, and, lastly, give to the small enterprises throughout the country the attention and assistance necessary to keep our economic basic liberty and freedom, and promote the general welfare of the entire Nation. I quote from Small Business, Its Role and Its Problems:

Our modern technological age, the fruits of large-scale research, the pressures of vigorous competition, high taxes, and increasing Government regulation, raise new problems for all business, including the small business.

The importance of small business in our national economy cannot be over-emphasized.

An industrial civilization such as that of the United States embraces several millions of distinct and separate businesses producing millions of different products and providing many thousands of different services. From 1857 to 1951, population increased from 29 million to 153 million, while the number of commercial enterprises increased from 204,061 to 2,608,000. In 1857 there were seven enterprises for every thousand persons. In 1951 there were 17 per thousand. As shown in the following chart, the number has increased more rapidly than the population for almost a century.

Although the vital statistics of business concerns are far from adequate, available data show the vast majority of concerns to be small. In 1899 some 49 percent of the manufacturing firms with hired employees had less than 5 workers. Only 20 percent of the firms had more than 20 workers. During the next half century industrialization completely changed most aspects of American life, yet in 1947, 29 percent of the manufacturing firms had less than 5 employees, and less than 18 percent of the firms had 50 or more workers.

Industry division and size class	All types	
	Number	Percent
	Thousands	
All industries-----	3,839.7	100.0
0 to 3 employees-----	2,856.3	74.4
4 to 7 employees-----	490.8	12.8
8 to 19 employees-----	301.1	7.8
20 or more employees-----	191.6	5.0

Almost three-fourths of all firms had less than 4 employees, and only 5 percent had 20 or more. Individually owned firms were the most common type of organization, totaling nearly 70 percent of all firms, while 18 percent were partnerships and about 11 percent were corporations. Among the smallest firms, individual ownership was more common, representing 78 percent of the firms. Among the larger firms corporations were more common, being 56 percent of all firms with 20 or more employees.

The small business is the economic seed-bed from which rises the majority of new ideas, new methods, and inventions. The United States Patent Office records reveal that of all the patents issued between 1921 and 1938, 43 percent went to individuals and 34.5 percent to 17,500 small- and medium-sized enterprises. Individuals, small and medium concerns accounted for about 77 percent of all patents issued within this period. Clearly, from an economic viewpoint, the small business and the enterprise of the individual are of the highest importance to our well-being.

In determining the place of small business in our economy, it is important to recognize that the small business does make a great contribution, partly because there are so many of these small units. Many of them barely hang on, others disappear; but out of the great number striving to get ahead, there is a sizable fraction which constantly brings forth new products and new methods and thereby grows and prospers.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from California who has always shown a great interest in small-business affairs and given our committee generous support.

Mr. JOHNSON. This bill appears to me to be a very fine one, particularly for two major cities in my district out in California, in which are located a group of small industries, not large ones, and where most of the contractors and small shipping and other types of plants do subcontracting. Sometime back I was a member of a subcommittee of the Military Affairs Committee that wrote the termination of war contracts law, and I gained a very definite impression through investigations I made at that time as to what small businessmen can do. It was my privilege to talk to a man from Minneapolis who started out to make some condensers for the Air Force. He had only about 12 employees working for him when he started. At the time I talked to him, in 1945, he was sitting in an office trying to figure out how he could pay a \$12 million income tax. His ingenuity had developed something which no other concern—big or small—had developed and the demand for it was tremendous. His business was expanded to meet the demand, which accounted for the tremendous income-tax bill which he was going to pay out

of his contract profits. That demonstrates that in the small-business group there are very fine, very ingenious men.

I go along with the gentleman from Georgia [Mr. BROWN]. I think we ought to pass the bill as the committee drafted it with the possible exception of the \$100,000 limitation. I compliment the gentleman on this bill and also the committee for reporting it at this time.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I want to commend the gentleman from California. I am very much concerned, however, about the limitation of \$100,000.

My good friend from Georgia [Mr. BROWN] says that means a lot down his way, which may be, but up in New England 500 employees in some activity is a small business, and all through the North, and I am very much concerned about the \$100,000 limitation. Personally I would prefer the \$500 million revolving fund, but that is not going to disturb me very much because the majority leader well said that we can come back and increase it. But this restriction will operate adversely throughout the entire northern section of our country, and that is the thing that concerns me. I hope before the consideration of the bill is over, that that will be leveled off because that is the only question involved in the bill now before the House that I am really concerned about.

Mr. HILL. I thank the gentleman.

Mr. DONOVAN. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from New York.

Mr. DONOVAN. I agree fully with the distinguished gentleman from Massachusetts because the experience figures show that under the Small Defense Plant Administration the average loan—and many of them were larger—was \$126,000.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield further?

Mr. HILL. I yield.

Mr. BROWN of Georgia. We thought we did a good job in the Committee on Banking and Currency. We set up to make this agency a permanent agency. In the first bill we were confronted with the figure of \$150 million and I think everybody agreed we did a good job when we reached the amount of \$250 million. Now, do not misunderstand me; I am for continuing the RFC and I expect to do everything I can to continue it, but this is a little business bill, and we must confine it to that. We are setting a precedent here. We are making it an independent agency, and I think that the Committee on Banking and Currency did a good job, and I think we ought to have the support of the House.

Mr. HILL. I thank the gentleman.

Mr. McCORMACK. I agree with my friend from Georgia. I think they have done a grand job, but the \$100,000 limitation I hope will be considered. You see, if we have a limitation there of \$100,000 or if it is increased to \$200,000, that presents one problem, but without a limitation, by regulation, they can pro-

vide a limitation and create flexibility. Of course, that is assuming they are not going to lend tremendous sums, but by regulation they can do it.

Mr. HILL. Yes. I would say this, I do not think we should let the limit of loans become overemphasized. Let us pass the bill and then we can change the amount if necessary.

Mr. JOHNSON. I agree with the gentleman, but the only thing I was talking about was that the dollar is so inflated that \$100,000 does not buy much in the business world today.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield.

Mr. PATMAN. The gentleman is supporting the \$500 million, is he not?

Mr. HILL. Frankly, and I want to be honest in my own heart, I think we should not have less than \$500 million. But so far as the \$100,000 loan limit is concerned, I am not sure but that the gentleman from Georgia [Mr. BROWN] is correct. Let me tell the gentleman from Texas [Mr. PATMAN] that it is pleasant to work with him. You have been fair on this measure, and I hope we are not going to let the \$100,000 limit on this loan, or the \$500 million have any effect on the way any of you vote.

I would like to say this: Let us keep the basic ideas in this bill and pass this measure, for this reason: I checked the other day, and you will be interested to know how many days we have been in session since I have been a Member of this House. We have averaged about 300 days a year. If there is anything that needs to be changed in this bill, let us just remember this: That in 2 weeks' time you can do it.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Texas.

Mr. PATMAN. I feel the same way about the gentleman as he feels toward me. I have no personal feeling against the majority leader, but I did not like the statements that were made putting me on the spot. But, of course, these differences will be ironed out. But does not the gentleman think that the \$100,000 limitation should be taken out?

Mr. HILL. Let us be honest again. I would hesitate to serve on a board that told me that when a loan request reached \$100,000, as a board member, if it was \$1,000 more I could not accept it when I knew that a \$135,000 loan was safer than a \$100,000 loan on another plant.

Mr. PATMAN. Our committee unanimously supported the \$100,000-loan provision being taken out.

Mr. HILL. That is right. But I do not want to influence anyone else. I did not think we should even get into debate, as I told the gentleman, on this loan section; because, after all, this loan section is put in this bill because of the fact that the statement has been made that the RFC is going to be eliminated. If it had been continued, we would not have it here.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. SEELY-BROWN. Mr. Chairman, I would like to speak at this time in

behalf of H. R. 5141, a bill which calls for the establishment of a new agency known as the Small Business Administration.

Coming as I do from a district which depends largely on small business for its economic livelihood, I am aware of the multitude of problems which confront the average person engaged in small business today. I am also aware that in these times of high taxes, materials shortages, and prohibitive costs that some form of governmental assistance must be made available to the small-business man if he is to survive in our present and future economic system.

In the past small business has been given assistance by the Congress in time of national emergency, and then in many instances the relief was granted too late to save many of the small operators who were caught in those periods of economic upheaval. The proposed administration, being a permanent agency of the Federal Government, would prevent a recurrence of this type of difficulty, and would assure small business of recognition at all times as the economic backbone of our American economy.

In establishing a Small Business Administration, we are endeavoring, not to create just another Government agency, but to constitute a workable comprehensive organization within our Government which will deal specifically with the problems with which the average small-business man in our economy cannot cope without assistance of some sort.

Statistics show that more than 95 percent of the more than 4 million business establishments in our country can be classified as small. The American economy has long been based upon the premise that it is possible for a business to begin small and grow big. However in recent years it has become more and more difficult for a small concern to stay in existence because of high taxes, materials shortages, and high costs of operation. Had it not been for agencies such as the Small Defense Plants Administration, the Smaller War Plants Corporation and the Reconstruction Finance Corporation, many hundreds of these smaller concerns would have been forced out of the economic picture.

The Small Business Administration will not only continue the work done by the Small Defense Plants Administration, but will enlarge the scope of this work to include assistance in time of normal peacetime operation as well as in time of war emergency as is called for in the present agency. The new administration will be authorized to make loans heretofore granted by the RFC, and the small business functions of all other Government agencies will be consolidated into the Administration, thus eliminating needless and expensive duplication of effort on the part of many agencies and departments.

Statistical surveys conducted by various types of agencies have been almost unanimous in the opinion that inexperience and inadequate managerial policies were the direct cause of more than 60 percent of failures in small businesses. The bill now under consideration empowers the SBA to assist the small busi-

ness man with regard to these problems, whether his need be technical know-how or good-management principles in such fields as cost accounting, methods of financing, production techniques, or fundamentals of purchasing. All of the aforementioned are forms of assistance the average small operator could not afford if he had to hire consultants in these various functions.

Another of the activities which the Administration would be authorized to undertake would be the making of an inventory of productive facilities of small business concerns which can be used for war or defense production. The information contained in this inventory could be used to spread the base of prime contracting, increase the volume of subcontracting and be of invaluable aid to small business through the utilization of idle production facilities. The Administration would also be given authority to consult with Government procurement officers in order to utilize the productive capacity operated by small business.

I feel that it is time to give small business the type of consideration shown in the proposed measure. The experience of the SDPA and RFC has shown many times over the need for such an agency of the Federal Government. We cannot afford to let our small businesses down during periods of time when our economy is not geared to defense production and then expect the same small businesses to be at our beck and call in time of national emergency.

The proposed Small Business Administration takes small business out of the role of a warborn stepchild and gives it the permanent type of assistance, within one central agency, which it deserves.

Mr. SPENCE. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, it is my opinion that this bill can be enacted into law that will serve a very useful purpose, or it can become an idle and futile gesture and a nullity. Its usefulness will be due to the spirit with which it is administered. If it is administered sympathetically, if it is administered with a real desire to help small business, you have a sufficient instrumentality here to accomplish that purpose. If it is not administered in that spirit, you do not need the \$250 million. That would never be used unless there was a real desire and a real purpose to help the people who need help.

I am going to vote to increase the authorization. Authorization does not mean the expenditure of money. It simply means to strengthen this organization and to assure those who are interested that if necessity demands it, funds can be obtained.

We all want to promote small business. Everybody who has the interest of the Nation and the welfare of its people at heart knows the importance of small business. We know the importance of free competitive enterprise. You cannot define small business. Small business is comparative. It cannot be defined with reference to dollar volume of business invested capital or number of employees.

In the district I represent there is a steel plant and rolling mill which employs approximately 3,500 men. That is small business. Why is it small business? Because it is in competition with United States Steel, with Republic Steel, with the American Rolling Mills, and with Jones & Laughlin. Those immense corporations make that look very small, but that with many others like it furnish competition in a field in which there would be no competition unless these smaller plants were there.

In the district I represent there is an electrical-equipment company which employs about 500 men. It is small business. Why is it small business? Because it is in competition with General Electric, with Westinghouse, with Western Electric and other great corporations. If they had none of these small businesses in this field there would be an absolute monopoly. There is where the greatest danger occurs, and I hope we will always keep these small plants in business.

The big fellows could crush the little ones if they desired. You remember the great steel corporations put into effect the basing-point provision whereby none of the small plants could sell at the point of manufacture unless they added the freight rate from Pittsburgh or Birmingham in order that these big corporations could not be undersold at any place in the United States.

A loan of \$100,000 would in many instances be totally inadequate to give the required help to the plants I have mentioned. I think when you consider the amount of the individual loan authorized you must consider also that these are the people who furnish competition now in the great essential fields of electrical energy and steel and many other fields, the things upon which the Government of the United States and the people must depend for their defense and for their welfare. If you do not give these people accommodation when they need it, competition in those industries may fade. Most of these small plants are amply able to pay back the loans; many of them operate in towns where the banks by reason of limitations on their lending authority are unable to furnish them sufficient funds. And if there is an agency here to which they can come with assurance that when they prove they are capable of repaying they can get this accommodation it certainly would be a good thing for them and for free enterprise.

I hope that the limitation as to the amount of the authorization will be increased and the limitation as to loans will be removed in order that loans may be made to the people who most need them to the extent they require.

Mr. WOLCOTT. Mr. Chairman, we have no further requests for time.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I call the attention of my colleagues to the statement on page 5 of the committee's report concerning business fail-

ures in the United States. I am quoting from the report:

The average of the current liabilities of the 8,058 concerns that failed in 1951 was \$32,200 per unit. With respect to size, 20 business failures took place in 1951 involving current liabilities in the \$1 million and over category and accounted for dollar liabilities of more than 7 times the dollar liabilities of the 1,832 failures which involved less than \$5,000 of current liabilities. These figures with respect to trouble in American business in 1951 emphasize that most businesses are comparatively small in size. Actually, the 1951 failure rate was a favorable one as it represented only 31 failures per 10,000 concerns and compares with an annual average failure rate of 76 per 10,000 concerns over the period 1900 through 1951.

This excerpt from the report of the Banking and Currency Committee, of which I have the honor to be a member, speaks volumes for the stability of small business in the United States. It also calls attention to the significant fact that in the year 1951 business failures were 31 per 10,000 concerns, whereas the average failure rate for a half a century was 76 failures per 10,000 concerns.

In view of the fact that the majority of the members of the committee are staunch Republicans, and the great and beloved chairman is deservedly ranked as one of the outstanding leaders of his party, I deeply appreciate the gracious recognition of the achievement of the Democratic administration under President Truman given by this excerpt from the committee's report. It is true President Truman's name is not mentioned, but for purposes of identification that is scarcely necessary since everyone knows that he was the President in 1951, when business failures were running less than half the average percentage of failures for the last 50 years.

I am happy that my Republican colleagues on the great Banking and Currency Committee, recognizing the soundness of democratic policies, are joining up with us in doing something for small business. I hope that they will come all the way and adopt the views so ably presented by the gentleman from Texas [Mr. PATMAN] and the gentleman from New York [Mr. MULTER], on pages 20 and 21 of the report.

Mr. MULTER. Mr. Chairman, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD and to revise and extend the remarks they have made on the bill in the Committee of the Whole.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. EVINS. Mr. Chairman, there is substantial need for this legislation. There exists much merit in the provisions of H. R. 5141, a bill authorizing the establishment of a Small Business Administration. Such an agency, properly run, can be of vital importance to the business economy of our country.

Congress has long recognized the valuable role played by small business in our economy, but legislative protection for small business has been given only at

times of national emergency when the facilities of the smaller producer were needed to tighten the sinews of our mobilization effort. All too frequently this type of assistance given to small business has been given too late to save such business from ruin caused by restrictions imposed during periods of emergency.

Thousands of our small producers were forced to shut down their plants during World War II, at a period of time when every productive facility of our Nation was needed. It was not until then that the Smaller War Plants Corporation was established in order to give small business a chance to survive and at the same time to play a vital role in our overall productive effort. A similar story can be told with reference to the small business of the Nation during the current Korean conflict and the present Small Defense Plants Administration. It was more than a year following the outbreak of hostilities before small business received any legislative assistance through the creation of the Small Defense Plants Administration.

Small business has always been recognized as the mainspring of our American economy. The chance to begin small and grow large has always been a part of our heritage as American citizens. Therefore, I feel that it is time that we take legislative action to give this important segment of our economy appropriate recognition.

As a member of the Select Committee on Small Business, I can assure the Membership of the House that the proposed Small Business Administration is the result of intensive study and many investigations made by that committee. These studies and investigations have clearly shown that small business is in great need of this type of remedial relief.

High taxes, materials shortages, high costs of operation and lack of adequate long-term financing have made it all but impossible for independent, small-business men to continue to exist in many instances. The chance to expand operations and thus grow into larger business is becoming increasingly difficult.

The proposed Small Business Administration would give small-business men a permanent, independent voice within the Federal Government, and would assure small business of the Nation proper recognition, not only in times of national emergency but under normal peacetime conditions as well.

The proposed agency will not only continue the work started by the Smaller War Plants Corporation and the Small Defense Plants Administration, but would continue the field of service and include small-business loans previously granted by the Reconstruction Finance Corporation. Furthermore, the SBA will be authorized to assume the small-business functions of all other governmental departments and agencies, thus eliminating much needless and expensive duplication of effort and overlapping of authority.

Statistics show that one of the prime reasons for small-business failures in the past few years has been the lack of

proper management policies. Committee studies show that more than 60 percent of small-business failures have resulted from improper management policies. The SBA will be empowered to assist the small-business men with this and other similar problems, whether their need be good management principles in various fields of business administration or technical assistance. The cost of this type of aid would be prohibitive in most instances to an independent small business if it were not accessible through the Government.

My experience on the Small Business Committee in studying the operation of the Smaller War Plants Corporation, the Small Defense Plants Administration, and the Reconstruction Finance Corporation has convinced me that there is an immediate and continuing need for this type of service to American small business.

The aforementioned agencies have all been of great value to small business in the past. The current need for such an agency of Government and service is continuing.

There is hardly a Member within this Chamber who does not have some personal knowledge of the hardships currently faced by small business. Small business is strictly a nonpartisan issue, because a weak small-business structure threatens the economic structure of the entire country, while a healthy small-business climate is one of the surest safeguards for continuing security and prosperity.

It is my sincere opinion that the agency proposed in H. R. 5141 is a step in the right direction. Improvements can be made. The bill does give small business a recognition it rightfully deserves as one of the most valued segments in our domestic economy.

I therefore urge the adoption of this bill.

Mr. PHILBIN. Mr. Chairman, ever since I became a Member of the House I have been particularly interested in the problems of small business. It is, therefore, with special privilege and pleasure, as well as a sense of duty, that I rise in support of the pending measure. I have always regarded small business to be the very heart of our great American economic machine. It is, in truth, the symbol of free opportunity and the American vehicle for freedom of enterprise, initiative and individual economic action in our Nation.

It has been through small business that most of our American success stories have been written. Innumerable Americans, starting from humble beginnings, by virtue of their vision, ability, courage, and hard work, have recorded great achievements in small business, and growing in stature and usefulness have later guided the larger business affairs of the Nation.

With the growth of massive corporate units in American industry, we seem some time to have lost sight of the real importance and value of small business. We must be exceedingly careful never to permit great corporate organizations, as highly useful and valuable as they are to the Nation, to oppress or injure our

small-business interests. That the American people agree with this thesis is amply demonstrated by the many laws, which Congress has enacted to prevent and regulate oppressive monopolies and unfair trade practices and other excesses that militate against small business.

I have been of the conviction for some time past that small business was not getting its share of Government procurement contracts. Congress has made several sincere, but rather feeble efforts, to correct this situation, but I think no one will deny that small business is still not getting as much defense business as it should get in the interest of equitably and effectively promoting the prosperity of our business system as a whole. The measures we have taken to insure this end have been often aborted and, while useful as far as they go, have not brought full intended benefits to small business.

This measure, of course, has only an indirect bearing on that fact but, nevertheless, it should and would be very helpful in enabling small business to develop and flourish. On the whole, our banking institutions provide excellent service to American business and the public and I would be the last to handicap them in their business, but there are, unquestionably, areas, both geographic and economic, where small business is definitely handicapped by lack of adequate, speedy financing. This is, possibly, particularly true at this time regarding Government procurement. I believe some instances have been brought to my attention where small business has not been able to secure necessary loans to finance Government contracts. This is a situation, which should not obtain in America, and I think that the current bill will be beneficial in remedying any inadequacies regarding financing, which now exists. It is by no means designed to replace, but merely to supplement, the services of private banking institutions and to make possible loans that cannot normally be made for some reason or other by existing banking facilities. Let me emphasize the fact that I would be unwilling to harm or injure by this or other legislation banks which are honestly and efficiently performing their public functions.

Since the RFC has stated that it will no longer grant loans to small business, there is all the greater need for some Government institution that will make such loans in cases where they cannot be procured through private sources. In the past 20 months, 1,168 RFC loans were made by RFC to small business. This abundantly proves the need for such a service.

The functions of the agency, if setup as proposed, can also possibly be extended at this time so as to insure not only continuing effective interest in the affairs of small business, but also provide advice and assistance regarding Government procurement matters. In this way the Congress can have some assurance that small business will get better consideration in the allocation of Government contracts and thus receive a fairer share of all Government procurement, which is certainly the intent of this membership, as I interpret it.

In voicing my support of the measure, I should like to commend the small business groups throughout my own district and State, as well as the Nation, which have put their interest and untiring efforts into pressing this legislation to consideration by the House, and I am also very mindful and appreciative of the splendid work, which the committee has rendered in formulating the pending measure and presenting it to the House. These men have made a real contribution to the national interest and security.

I am happy to urge favorable action on this deserving measure, which I believe will redound, not only to the benefit of small business, but to the strength of our entire American economy. I hope the measure may be overwhelmingly enacted.

Mr. DOYLE. Mr. Chairman, the entitlement of this bill is to "create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise." If the pronouncement and declaration contained, beginning at page 19, section 2, is followed in sincerity and truth and put into effect, then the logical result may well be that thousands of small American businesses which are independently owned and are operating and which are not dominant in their field of operation will not only be strengthened in their economic situation but will be preserved as important factors in the American economic system of private enterprise and free competition.

I am indeed pleased to read in section 2 as follows:

Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic, not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

With this fundamental declaration of purpose which I have just read before us may I further add, that I believe one of the surest ways to make this declaration most effective, would be to strike out the \$100,000 limit on any loan, now set forth in subdivision (ii) on page 28 of this bill and leave the ceiling amount of any given loan to be determined in each and every application by the Small Business Advisory Board which is set up in subdivision (d) on page 22 of the bill, and which consists of the Secretary of the Treasury as Chairman, together with the Secretary of Commerce and in addition thereto the Administrator, whose salary is set at \$17,500 a year. Certainly, with the Secretary of the Treasury and the Secretary of Commerce constituting the majority of the Small Business Advisory Board specified in this bill, no applicant

will be able to obtain any more money from the Administration than is fully proven to be legally just and necessary in accordance with the limitations of the bill itself. But, by eliminating this \$100,000 limitation, my experience gained by my many years of law practice in Los Angeles County in my native State of California justifies me, I believe, in saying that if the \$100,000 limitation is left in the bill, then many small businesses which might well be strengthened or preserved and kept in the free-enterprise field, will go under and be eliminated from such free competitive-area of activity. Furthermore, in presenting this argument to you on this one point, I specifically call your attention to the terms of the bill itself; to wit, section 7, page 27, where there is an express prohibition as follows:

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

Therefore, it is again crystal clear that no loan, whether it is under \$100,000 or in excess of \$100,000 can properly be made under this bill unless it is first clearly shown, that the fundamental basis of the application is that said loan or financial assistance is not otherwise available on reasonable terms.

Gentlemen, this means that no loan either under \$100,000 or over that amount can be approved if said loan is bankable or otherwise a commercial loan. In other words, my colleagues, by the express provisions of the bill itself, an applicant must make a clear showing that the financial assistance asked for is not otherwise available in the loan market. This being the case, I am sure that the large number of you Members of this legislative body who have had wide, varied and successful experience in business can even now visualize, that literally hundreds of worthy applicants under this bill, could reasonably be entitled to something more than \$100,000 and thus, not only be safely strengthened in their economic business structure, but also thus be made and preserved, as necessary valuable units in our free competitive enterprise system.

In my law and business experience, and I might say I am still a vice president of an independent national bank on leave during the time I am a Member of Congress, I have personally known of several worthy, sound, small, independent businesses in Los Angeles County, coming well within the definition of a small business concern as defined in section 3 of this act, which small businesses needed sums of from five to thirty-five thousand dollars more than \$100,000 to hold them over a temporary economic problem. I am, of course pleased that subdivision 2 of section 7 on page 28 of this bill provides for a period as long as 10 years. This is good. It is reasonable.

In ending these brief observations, may I vigorously urge that the printed objectives contained in this bill be put into effect as promptly as may be. Also, that the declared objectives be given as liberal consideration as is consistent with the legal intent and purposes of the bill and as brought forth in this debate so far today.

Finally, I have in mind, that while the bill itself, in subdivision B on page 21, limits the loaning powers of the Administration so as not to exceed a total of \$250 million at any one time, yet, I urge that if this total amount this day is not increased by way of amendment to this bill to some reasonably larger sum, then this Small Business Administration shall promptly and fully advise Congress if there emanates from the applications and experiences of small American business, a worthy and justifiable need of a greater amount of total capital money available to the needs of small business. Mr. Speaker, in my judgment one absolutely necessary unit or factor to preserve and to continue to reasonably protect in their lawful operations are the thousands of small American businesses which are independently owned and operated and which are not dominant in their respective fields of operation.

This fundamental premise and policy, together with the additional criteria specifically set forth on page 20 of the bill itself, wherein the Administration may also consider the number of employees and the volume of business transacted by the small-business concern or unit which is applying for the loan, should make it clear that the intent of Congress, is that the Administration shall be vigilant and vigorous at all times in its consideration of each and every small-business concern which applies for a loan; so that in truth and fact, the economic structure of our Nation shall be made strong and even more sound, by reason of the operations of this Small Business Administration. I urge that worthy small business shall not only be preserved, but shall have opportunity to reasonably expand and keep and maintain themselves justly, soundly, and competitively in a condition of well-being. The preservation of these small-business concerns, Mr. Chairman, in our competitive free-enterprise system is fundamental in order that American business concerns of unlimited or greater capital structure shall also be kept sound and within the free competitive enterprise system. So long as there is honest-to-God lawful competition by our American business concerns, so long will our American free enterprise competitive system endure; and only so long a time. So long as fair and just anti-trust statutes are kept on the books and justly, honestly, fearlessly enforced, just so long will both big business and small business prosper. And, Mr. Speaker, only so long will our American economic competitive system be for the benefit of the great mass of the American people. Let us be vigilant in doing the things here, which will always contribute to helping toward the increase in the stand-

ards of living of all the people of our blessed Nation.

Mr. PATMAN. Mr. Chairman, I wish the chairman would yield me 3 minutes. There was something I overlooked a while ago.

Mr. SPENCE. Mr. Chairman, I yield 3 minutes to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I just want to call the Committee's attention to the fact that while we are fighting communism, as we should—we all hate it and it is trying to approach us from the left—let us not overlook an equally devastating enemy that is approaching us from the right. I was reading this morning something about the earmarks of fascism and put them down:

No. 1. Education and thinking is controlled to make the masses think and do what the dictators want. Of course, there is nothing in that connection now except some efforts to censor school books and by propaganda color the news to the people.

No. 2. Big business and big industrialists are favored and strengthened under fascism.

No. 3. Under fascism farmers' co-ops and farm organizations are destroyed.

No. 4. Labor unions and other similar organizations of workers are destroyed.

No. 5. Credit unions are put out of business.

No. 6. All groups that are antagonistic to big business and monopoly are destroyed.

I just hope the Members keep in mind those earmarks of fascism. I hope we shall continue to fight communism, but we must not overlook the fact that there is an equally devastating enemy in the form of fascism that would approach us from the right. And we do not want that to happen.

Mr. SPENCE. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. Under the rule, the committee amendment which is in the form of a substitute will be read as an original bill.

The Clerk will read.

The Clerk read as follows:

That this act may be cited as the "Small Business Act of 1953."

Sec. 2. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

Sec. 3. For purposes of this act, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administration, in making a de-

talled definition, may use these criteria, among others: Number of employees, and dollar volume of business.

Sec. 4. (a) In order to carry out this policy there is hereby created an agency under the name "Small Business Administration" (hereinafter referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration.

(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$250 million outstanding at any one time. For this purpose appropriations not to exceed \$250 million are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 7 (a), (b), and (c). Not to exceed an aggregate of \$150 million shall be outstanding at any one time for the purposes enumerated in section 7 (a). Not to exceed an aggregate of \$100 million shall be outstanding at any one time for the purposes enumerated in section 7 (b) and (c).

(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy administrators to assist in the execution of the functions vested in the Administration. Deputy administrators shall be paid at the rate of \$15,000 per annum.

(d) There is hereby created the Small Business Advisory Board of the Small Business Administration, which shall consist of the following members, all ex officio. The Secretary of the Treasury, as Chairman, the Secretary of Commerce, and the Administrator. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Small Business Advisory Board with respect to any matter or matters. The Small Business Advisory Board shall establish general policies which shall govern the Administration in carrying out the powers, duties, and authority conferred upon it by the act. Such general policies shall, among other things, provide the standards (1) for the granting and denial of financial assistance by the Administration, and (2) for exercise of the powers enumerated in section 7 (b) and (c). It shall also be the duty of the Small Business Advisory Board to periodically review the operations of the Administration and coordinate its functions with other activities and policies of the Government.

Sec. 5. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this act; to define their authority and duties,

require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof, in carrying out the provisions of this act.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this act, the Administrator, notwithstanding the provisions of any other law, may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans heretofore or hereafter granted under this act, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this act;

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Administrator pursuant to the provisions of this act may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 7 (a) of this act; and

(6) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions determined by him to be necessary or desirable in making, servicing, compromising modifying, liq-

uidating, or otherwise dealing with or realizing on loans or advances made under the provisions of this act.

(c) To such extent as he finds necessary to carry out the provisions of this act, the Administrator is hereby authorized to procure the temporary (not in excess of 1 year) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5).

SEC. 6. All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this act. Any banks insured by the Federal Deposit Insurance Corporation when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

SEC. 7. The Administration is empowered—

(a) To make loans or advances to enable small business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to ensure a well-balanced national economy; and such loans or advances may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however,* That the foregoing powers shall be subject to the following restrictions and limitations:

(i) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available;

(ii) No loan or advance shall be granted under this act if the total amount outstanding and committed by participation to the borrower from the revolving fund established by this act would exceed \$100,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding 10 years; except that any loan made for the purpose of constructing industrial facilities may have a maturity of 10 years plus such additional period as is estimated may be required to complete such construction;

(iii) In agreements to participate in loans on a deferred basis, such participations by the Administration shall not be in excess of 90 percent of the balance of the loan outstanding at the time of disbursement.

(b) To enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government.

(c) To arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection there-

with, or such management services as may be necessary to enable the Administration to perform such contracts; and

(d) To provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives, and methods engineering, by cooperating and advising with voluntary business, professional, educational and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

SEC. 8. The Reconstruction Finance Corporation shall transmit requests for loans from small business received by it after the date of enactment of this act to the Administration for its consideration and possible action.

SEC. 9. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

SEC. 10. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politics or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

SEC. 11. It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense

production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

SEC. 12. When directed by the President, it shall be the duty of the Administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved.

SEC. 13. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this act;

(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this act;

(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

(g) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs;

(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this act.

SEC. 14. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Govern-

ment procurement officer, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

SEC. 15. To effectuate the purposes of this act, small-business concerns within the meaning of this act shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national defense programs.

SEC. 16. The Administration shall make a report every 6 months of operations under this act to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

SEC. 17. The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and wherever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

SEC. 18. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this act.

(b) No act or omission to act pursuant to this act which occurs while this act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, and (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than 10 days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 19. (a) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such

transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

(b) The President may also provide for such transfers of records, property, and personnel from the Small Defense Plants Administration during the period of its liquidation, as he considers appropriate to assist the Small Business Administration in carrying out its functions under this act. The Defense Production Act of 1950, as amended, is further amended by the repeal of section 714 of that act.

SEC. 20. No loan shall be made or equipment, facilities, or services furnished by the Administration under this act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of 2 years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within 1 year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this act; and (3) shall furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

SEC. 21. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

SEC. 22. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this act.

SEC. 23. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of this act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Mr. WOLCOTT (interrupting the reading). Mr. Chairman, I ask unanimous consent, inasmuch as this is but one amendment, that it be considered as read, be printed in the RECORD, and be open to amendment at any point.

Mr. PATMAN. Mr. Chairman, reserving the right to object, I hope the gentleman will not insist on that at this moment. After the reading clerk has finished a few pages I will have no objection.

Mr. WOLCOTT. Is it the gentleman's purpose to gain time to write an amendment?

Mr. PATMAN. I want to offer my amendment at a particular point.

Mr. WOLCOTT. The gentleman can offer his amendment now; he is a member of the committee and will be recognized by the Chair.

Mr. PATMAN. Where is the Clerk reading?

The CHAIRMAN. The Clerk has read the first section.

Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN:

On page 21, line 7, strike out "\$250,000,000" and insert in lieu thereof "\$500,000,000."

On page 21, line 9, strike out "\$250,000,000" and insert in lieu thereof "\$500,000,000."

On page 21, line 15, strike out "\$150,000,000" and insert in lieu thereof "\$400,000,000."

Mr. PATMAN. Mr. Chairman, this amendment would increase the revolving fund from \$250 million to \$500 million and would increase the amount available for loans from \$150 million to \$400 million, which is in accordance with the unanimous recommendation of the Committee on Small Business of the House of Representatives after giving this matter careful consideration. I believe the members of the Committee on Small Business, not counting myself, of course, know a little more about this problem than do Members who are not on that committee, because they have studied it more. I therefore feel that the recommendation of the Small Business Committee should receive favorable consideration.

The Committee on Banking and Currency has reduced the amount and my amendment would restore it to \$500 million from the \$250 million as provided in the bill, and make the other changes accordingly that should be made.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Louisiana.

Mr. WILLIS. Does the gentleman's amendment increase the amount of a single loan over \$100,000?

Mr. PATMAN. No. That will be the next amendment.

Mr. Chairman, I hope my amendment will be adopted.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas [Mr. PATMAN].

Mr. Chairman, this bill largely replaces the provision in the Defense Production Act which provides for the establishment and administration of the Small Defense Plants Administration that has operated for about 2 years with a total authorization of \$150 million; \$100 million of it being available for loans and \$50 million of it for contracts. So we have had some experience in this field.

Having in mind that this bill increases the \$150 million another \$100 million to \$250 million, I think our attention should be directed to certain figures. Up through March 31, 1953, during pretty close to 2 years of operation of the Small Defense Plants Administration, only 74 loans have been made, averaging \$78,000, totaling only \$5,762,000 in outstanding balances. Less than \$6 million of the \$100 million fund have been used in 2 years.

There is a reason for that. Title III of the Defense Production Act provides \$2.1

billion for loans and contracts to small business, big business, all kinds of business, and that \$2.1 billion under Title III of the Defense Production Act is being continued under a bill which we will have before the House, as I understand it, next week. It has already been reported out of the Committee on Banking and Currency. Under that authority 173 loans have been made, totaling \$101,593,000 in outstanding amount. The average of the outstanding business loans of the RFC, in addition to those, of which there are about 5,000, has been only \$75,000, and this includes all types of business loans.

I think we should have in mind that although the Small Business Committee of the House recommended \$500 million it made that recommendation in anticipation of the Reconstruction Finance Corporation going out of business; but the Reconstruction Finance Corporation is not going out of business until June 30, 1954.

The Reconstruction Finance Corporation with its own \$1 billion of loan facilities will be continued until June 30, 1954. As to that part of the program which is confined to SDPA recommended loans there have been, as I say, only 74 loans made totaling \$5,762,000 in outstanding amount, an average of \$78,000 a loan.

Now, let us have this in mind, that this Small Business Administration created by this act, does not use RFC capital. It goes directly to the Treasury for its money. Now you say there is no harm in increasing the authorization to \$500 million, but the Treasury at all times has got to keep available out of moneys not otherwise appropriated \$500 million instead of \$250 million if this amendment is approved. It makes it necessary to, in effect, raise \$250 million more than is required under the program. As a matter of fact, the Committee on Banking and Currency in increasing the amount from \$150 million to \$250 million thought it was, in view of the circumstances, being very liberal. In the first bill introduced, which we understand was introduced after the initial program had been laid out by the Small Business Committee of the House, they only asked for the sum of \$150 million. We gave them another \$100 million in addition. They have only used \$5,762,000 in 2 years of their original \$150 million.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. As long as the RFC is in operation, there certainly is not any need for this amendment, is there?

Mr. WOLCOTT. It is doubtful whether there will be any need for it even after that if you restrict this to a small-business loan program and do not increase the \$100,000 that we have provided as a limitation on any single borrower. Otherwise it would be possible to use up 90 percent of the fund in 1 or 2 loans. That is the problem involved here. These people who want to increase this amount and increase the per capita loan limit want to re-create an

RFC for big business, and big business does not need it at the present time. This bill deals with small business, and we make available more money for small business than is made available at the present time. I cannot see why anybody can object to increasing the authorization to \$100 million.

Mr. PATMAN. Mr. Chairman, since I have spoken, and since no one else has asked for recognition, I ask to be recognized.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Chairman, the gentleman mentioned the first committee bill providing for \$50 million. I am afraid he left the inference, although I am sure he did not intend to, that the Small Business Committee was sponsoring that bill for \$50 million. Of course, that is not correct. The only bill that the Small Business Committee has endorsed and recommended is for \$500 million without any \$100,000 limitation.

The gentleman from Michigan mentioned about the small number of loans made by SDPA. There is good reason for that. In the first place, when we were sponsoring that bill, we felt we would have a separate agency, and we would have plenty of money for them to operate, but in the conference between the House and the Senate it came out where the Small Defense Plants Administration, in getting money for small concerns, would have to go to the RFC. That handicapped the Small Defense Plants Administration very much; in fact, an applicant was placed at a disadvantage if he went to SDPA instead of the RFC in the first instance. He could go to the RFC and get consideration, but if he went to SDPA and then they finally worked it over a few days or a few weeks or a few months, whatever time was required to process the application, and then SDPA recommended it to the RFC, the RFC did not feel too good over it, because they felt like another agency was intruding on them, and they did not look with favor on it, and really it hurt the small concerns who went to the SDPA instead of RFC in the first instance. So I am surprised that as many went to the SDPA as did go. Besides the average loan was much more than \$100,000. Remember this, that the RFC is not going to continue to make these loans. You know that is well known right now. They have stopped. They are going to let this organization here make the loans. This organization will be greatly handicapped with the funds being limited to \$250 million. The funds should be extended to \$500 million. These loans will be needed by small concerns for production. I am not going to argue that, but we know production is very much needed, and it is helpful in fighting inflation always, and the more production we have, the better. This will be very necessary to have the amount increased to \$500 million to properly and adequately help all of the small concerns in the country, and especially in view of the fact that the RFC is being folded up as of now. I hope the amendment is adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 32, noes 70.

So the amendment was rejected.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 28, strike out lines 5 through 15.

Mr. PATMAN. Mr. Chairman, this amendment will eliminate the \$100,000 limitation on the size of the loans. Why is that limitation in the bill? We already have a limit in the definition of small business. Necessarily only a comparatively few businesses can apply for loans. With that definition of small business in the bill, why have a limit on the amount of the loan itself? That limit can cause a lot of trouble and even cause the Government, through this organization, to lose money. For example, suppose they make a loan of \$100,000, and that is not a large in any kind of production business, as a matter of fact, it is a small loan in the production business. Then it is found that this concern in order to successfully continue its operations and continue to be a going concern will have to have more money. Under that limitation, they are frozen. There is a limit and they cannot let the concern have any more money. It is almost a custom to let concerns have more money in that way when they need it. They just have to do it. Therefore, one of two things will happen. Either they will have to start off with a policy of not permitting a loan of more than say \$25,000 for \$50,000 with the knowledge that they will probably have to put up more money later on, and, therefore, they will be making sure that they do not exceed the \$100,000; or they will get in a squeeze and probably lose the entire \$100,000. We have a good definition here of small business. That restricts them just to small business concerns. Why have a limit as to the amount of the loan? I certainly hope the members of the committee will vote to strike out that limitation.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. SEELY-BROWN. Is it not true that the actual policy is going to be determined by the policy board, and they can just make a flexible limit which, in fact, would be more effective?

Mr. PATMAN. Why, certainly, and even right now the SDPA has a limitation of \$300,000, which has been set by the policy board. But, of course, that is much better in the event of an emergency, and the Board can change it. But, if you put it in a bill and make it a law, they cannot do that. They do not need a rigid requirement which is set by law.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WILLIS. Mr. Chairman, I want to associate myself with the remarks of my colleague the gentleman from Texas.

I think the gentleman is absolutely right. This limitation is disturbing many of the people that I have heard from.

Mr. PATMAN. Mr. Chairman, I sincerely hope that the members of the Committee will vote to strike out the limitation.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. LANHAM. Mr. Chairman, I, too, want to associate myself with the gentleman from Texas. I hope this limitation will be stricken out of the bill. I am in favor of the amendment.

(Mr. WILLIS asked and was given permission to revise and extend his remarks at this point.)

Mr. WILLIS. Mr. Chairman, I am naturally in favor of H. R. 5141 which would create an administrative agency empowered to grant loans to small business. Small business is an important segment of the national economy. Upon it depends the successful operation of our free-enterprise system, for small business, but its very numbers, protects us against growing monopolies and concentration of economic power. Small businesses also furnish countless persons the opportunity to work for themselves and to exercise the full extent of their initiative, capabilities, and ingenuity.

But if we are to really help small businesses, it is important that we do more than pay lip service to the little business man. In legislating, we must provide the type of assistance, on a realistic basis, which competitive enterprises need under present conditions in the economy. The mere passage of a bill indicating Congress' fine opinion of small business without more will be of little practical benefit to the small-business man.

The reasons I am making these remarks is that there are several matters in the proposed bill as reported by the committee which are highly disturbing to me. Unless these provisions are altered by the House, I am afraid this bill will be of greater encouragement to the foes of small business than to their adherents.

In the first place, I point out to you that the capitalization of the Small Business Administration created by the act has been reduced from the \$500 million provided in the original measure by the gentleman from Colorado [Mr. HILL] to \$250 million. In other words, the measure restricts the sum total of all loans outstanding by the new agency for all purposes at any one time to not more than \$250 million. If it is once recognized that smaller entities need this type of assistance, then I see no reason why Congress should so limit the total volume of loans in such an unrealistic manner. An indication of the extent to which this reduction would curtail Government assistance to small business may be obtained from the lending program of the RFC. As of June 30, 1952, the RFC had outstanding loans, securities, and other receivables, excluding mortgages and related items and loans to foreign governments, of more than \$535,750,658, or more than twice as much as the limit now prescribed for the new Small Business Administration.

On June 30, 1951, the total dollar volume of loans outstanding of the RFC was \$683,976,178, indicating the extent to which a Government lending agency, to be effective, must possess available funds for lending purposes. I fear that to unnecessarily restrict the capitalization of this new agency to \$250 million will cripple it severely and detract substantially from the contributions it could make to the prosperity of our smaller competitive enterprises.

The second glaring defect in the bill as reported is the totally unrealistic limitation of the maximum amount of any single loan to \$100,000. This provision renders this bill practically ineffective so far as financing real competitive industry is concerned. For the corner drugstore, the ice-cream stand, and the gas station, \$100,000 is fine. But the real shortage in the capital market exists in areas where capital costs may run into millions of dollars to create a small competing enterprise. In the field of newsprint, for example, even a small mill costs several million dollars to erect and bring into production. The bill, in section 3, adopts a realistic definition of small business by recognizing that it is not necessarily measured in terms of dollars and cents, or number of employees but rather whether it is independently owned and operated and whether it is dominant in its field. But this provision limiting loans to not more than \$100,000—which was not in the original bill introduced by the gentleman from Colorado—practically emasculates the entire act. I am sure such a provision is encouraging to those who would like to see the Government abandon its attempt to aid small business by providing capital not otherwise obtainable from private sources.

Turning to another point, section 4 of the bill recognizes the importance of the independence of the new agency and provides that the Administration shall not be affiliated with or be within any other agency or department of the Federal Government. But no sooner is this done than the committee has established a Small Business Advisory Board not contained in the original bill which for all intents and purposes would make the Administration subservient to the Secretary of the Treasury and the Secretary of Commerce, or their designate. This Board establishes general policies for granting loans and reviews the actions of the Administration. The Board is comprised of the Secretary of the Treasury, the Secretary of Commerce, or their designate, and the Administrator. But what happens when the views of the former conflict with the Administrator? How can the Administrator preserve the independence of the agency when he must at all times answer to the other two members of this Board? The reasons which compelled the creation of this new Administration totally independent from other agencies and persons require that this new type of bondage be removed from the bill.

I hope the suggestions I have made here will not be taken as any criticism of the committee, as they have done a

splendid job in bringing this bill before the House. But if we, as Members of Congress, are to really assist small business and to aid these smaller entities in their fight for survival, we must adopt measures which view the economy from a realistic standpoint. Good intentions and fine phrases are not enough. If we are to create an administration to help small business, we must truly equip it to do the job, remove the handcuffs and irons which fetter it, and assure its independence.

(Mr. LANHAM asked and was given permission to revise and extend his remarks at this point.)

Mr. LANHAM. Mr. Chairman, I agree with the gentleman from Texas [Mr. PATMAN] that the limitation of \$100,000 on any one loan should be stricken from this bill.

In the first place, let me say that I think it is a disaster that the Reconstruction Finance Corporation is to be ended after its long record of genuine service not only to small business but to the railroads, the banks and other segments of truly big business. In my State, at least, it has been of tremendous help especially to small business enterprises and has been administered without any hint of wrongdoing or political bias. Even the banks of my district as a whole approve of the RFC and in many instances have cooperated by participating in loans made by the RFC.

But since the Republican administration has committed itself to the destruction of the RFC, I am heartily in favor of this bill which will give at least a measure of support and assistance to struggling small-business concerns who are unable to get the financing they need from private financial institutions.

It seems to me that the limitation of \$250 million should have been raised to \$500 million as proposed by the gentleman from Texas [Mr. PATMAN] and that this limitation of \$100,000 for each loan should be eliminated.

Big business is, of course, necessary and desirable in America. But if we are to keep alive the spirit of enterprise and if we are to prevent the tendency of big business toward monopoly, then we must have small business in America and we should encourage it by every legitimate means at our command. After all, it is small business that is the backbone of our American way of life. It must be fostered and preserved if business opportunities for people of small means are to be kept open and available to all.

Even if this amendment is not adopted, I shall support the legislation because, after all, it is this or nothing.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I invite attention to page 6 of the committee report.

These figures, which have been authenticated, indicate that 90 percent of the loans made by the RFC from its inception, down to and through March 31, 1953—have been in amounts of less than \$100,000.

Also, I want to call attention to the table on page 4 of the report which shows that a little over 90 percent, almost 100 percent—nine-tenths of 1 percent less

than 100 percent—of the approximately 4 million business concerns in the United States, have 100 or less employees; 95 percent of them have less than 20 employees, and 87 percent of them have less than 8 employees.

One hundred thousand dollars, as the gentleman from Georgia [Mr. Brown] has said here today, borders on big business. If you loan a concern, which is employing less than 100 people, \$100,000, it looks like big business to most of us.

Let us have in mind that we want to keep this a small-business bill. We do not want to open it as wide as the RFC has been open. We do not want to make it possible to create any of these stenchies that have been referred to here. This makes it impossible to do that.

Keep these things in mind. Ninety-nine percent of the 4 million concerns employ less than 100 people; 95 percent employ less than 20 people; 87 percent employ less than 8 people. And 90 percent of the number of loans which the RFC has made from its inception has been loans of less than \$100,000.

If you are going to keep this a small business administration, you cannot justify authority to loan more than that amount to any single borrower.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. I want to congratulate the gentleman on the excellent statement he has just made.

It is very hard to define little business, and unless you insert some amount you cannot define it. This is a little business bill. If we are just going to turn it loose and open the door so that they can all get in, the little fellow whom we are trying to help will not get any help at all.

Again I want to say to the gentleman that I appreciate the splendid remarks he has made.

Mr. WOLCOTT. I thank the gentleman.

Mr. HALLECK. Mr. Chairman, will the gentleman yield to me?

Mr. WOLCOTT. I yield to the gentleman from Indiana.

Mr. HALLECK. I thank the gentleman.

I do not know whether the gentleman has pointed it out or not, but the pending amendment would also strike out the limitation of 10 years for repayment; that is, if the amendment were to prevail, that is what would happen, because the amendment strikes out all of the language of line 5 down to and including line 15, where there is also language providing for the limitation.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield to me?

Mr. WOLCOTT. I yield to the gentleman from California.

Mr. JOHNSON. A while ago, when I discussed this bill when the gentleman from Colorado [Mr. Hill] yielded to me, I intimated that I might want a larger limitation on the amount of the loan than \$100,000. But after talking to some members of the committee, I concluded that it is well to keep it right where it is, in order really to serve the

small-business man. If you open the door you do not know where it is going to lead. After a while you will be bailing out big business, instead of serving the small business concerns only, which is the basic purpose of the bill.

I hope the amendment is rejected.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. MULTER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, when you quote percentages and statistics, you can twist them to mean almost anything you want them to mean. I do not say that invidiously. In order to talk about 90 percent of the loans made by RFC being less than \$100,000, you must take the figures of the loans that have been made by RFC from the time of its inception down to date; that is not fair. Let me show you what I mean.

Let us say that you have an application approved for \$27,000, and you have another application for a loan approved for \$175,000. The total is \$252,000, but the average is \$126,000. I take those figures because, in the short period from January 1952 to March 27, 1953, the Small Defense Plants Administration approved 356 loans. Those 356 loans averaged out to \$126,000 each. That means that some were for \$25,000; others were for much more than \$100,000. They were all to small-business firms. If you are going to impose this \$100,000 limitation in the bill or let it stand by disapproving this amendment, you are in effect tying the hands of the agency we are setting up. Remember, 430 loans were recommended by the Small Defense Plants Administration for a total of \$55 million. They averaged \$128,000 each. Again, some were for \$25,000, some were for \$50,000, and some were for \$500,000—but only to small business.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. WOLCOTT. I was not averaging when I referred to the fact that 90 percent of the loans made since the inception of this agency had been for \$100,000 or under; I was speaking of the number of loans, not the average amount of the loans. Ninety percent of the loans that were made have been for sums of less than \$100,000, not the average of the loans.

Mr. MULTER. But the gentleman was speaking of the experience that has been had from the time of the inception of RFC to date.

Mr. WOLCOTT. Yes.

Mr. MULTER. Let us confine ourselves to what we have been doing since January 1952 under the Small Defense Plants Administration and what it has done and recommended since. In that short period of just a little over a year these loans have averaged more than \$128,000 per loan; as a matter of fact, there are 36 applications now pending in that Administration for an aggregate of more than \$6 million, averaging \$170,000 per loan, and each of them had to show they were a small business before the application was processed. Today there is no limitation on the working capital for a specific defense contract; the limi-

tation is \$300,000 on those loans that do not involve specific defense contracts. That is the way SDPA is now operating. Unless you want to cripple this new agency before it gets started, you must eliminate this \$100,000 limitation from this bill.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. McDONOUGH. The more than \$100,000 loans referred to by the gentleman were loans by the Small Defense Plants Administration for defense purposes. This bill is to extend past the defense period into a period of peace.

• Mr. MULTER. That is true.

Mr. McDONOUGH. Furthermore, if you amend it to permit larger than \$100,000 loans, you are soon going to get into the field of big business and into a field of competition with private financial institutions who could finance these loans.

Mr. MULTER. No; the gentleman is wrong on both his premises, if I may say so. The provision is written right into this bill that only small business can apply, and even small business cannot apply and get a loan unless it first shows that no other banking facility will make the loan. Those are the conditions precedent. They must be small business, and they must show there is no other place they can get the money; they must show that they have tried and were turned down.

Mr. McDONOUGH. However, the Small Defense Plants Corporation was set up for defense purposes.

Mr. MULTER. That is quite right; I concede that; there is no question about that.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. HALLECK. First of all, I want to explain to the gentleman that I served on the Small Business Committee with him, and it was always a pleasure to serve with him. I respect his judgment and his conscientious application to the problems we have had before us.

Mr. MULTER. I thank the gentleman from Indiana.

Mr. HALLECK. But this measure is to be permanent and is quite an undertaking. Does not the gentleman agree with me that this limitation could be fairly satisfactory? If it does not prove to be satisfactory, it could, of course, be changed; but since it is a small-business bill, and since we want to keep it that way and want this thing to succeed in that line, I am quite sure the gentleman would agree with me that the best thing would be to proceed with the bill as it was reported and see how it works out.

Mr. MULTER. As I said to the gentleman a moment ago off the record, let me say on the record that in the gentleman's own area he has plastic industries; there is a small pastic industry in his district. They could not even get one single injection molding machine for less than \$100,000, so the gentleman must see the need for removing the limitation, for one specialized machine certainly does not make it big business. The same

thing applies also in the electronics industry.

Mr. HALLECK. I say to the gentleman that first of all I would assume that most business would have some assets of their own; they ought to have.

May I say also that I am hopeful that in years to come we will find the banks again making loans to small business as it used to before we got the idea that the Government had to get into business—and I think that they will return. Let us not put this thing on a basis that cannot be justified.

Mr. MULTER. I think if we allow the policy of the agency to be determined by the board set up in this bill, rather than by the Congress, we will accomplish our purpose.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, the title of this bill reads as follows:

To create the Small Business Administration and to preserve small business institutions and free, competitive enterprise.

May I ask the gentleman from Michigan, has this bill received the approval of any of the executive commissions created to advise the Congress?

Mr. WOLCOTT. I do not know what the gentleman means by "executive commissions."

Mr. HOFFMAN of Michigan. Well, for example, the Nelson Rockefeller Commission?

Mr. WOLCOTT. I do not think I have talked to Mr. Rockefeller since last year.

Mr. HOFFMAN of Michigan. I did not think the gentleman would talk to Rockefeller personally for a commission opinion, but maybe one of his subordinates has advised the gentleman?

Mr. WOLCOTT. I may say to the gentleman that this bill has cleared the Treasury; it has cleared the White House; it has cleared the Bureau of the Budget. Those who did the work behind the clearing of the bill in those departments, I do not know.

Mr. HOFFMAN of Michigan. This establishes a new agency or administration?

Mr. WOLCOTT. An independent agency.

Mr. HOFFMAN of Michigan. Is it also true, as I heard during the debate on the floor today, that it ultimately will get rid of two other agencies?

Mr. WOLCOTT. No. It will get rid of one.

Mr. HOFFMAN of Michigan. A bigger one than this one will be?

Mr. WOLCOTT. The contention has been made that this takes the place of the RFC. It does not take the place of RFC excepting as the RFC now is engaged in making the capital available for the Small Defense Plants Administration.

Mr. HOFFMAN of Michigan. Then, is it true that in effect we are getting

rid of the RFC by degrees, shrinking it down to the size it should be?

Mr. WOLCOTT. Perhaps I can answer that by stating that because the RFC will probably be allowed to expire on June 30, 1954, we are continuing independently of RFC these essential benefits to small business.

Mr. HOFFMAN of Michigan. I assume the gentleman and his committee—am I correct—are in favor of either abolishing the RFC or letting it die?

Mr. WOLCOTT. We have not had the matter before us yet.

Mr. HOFFMAN of Michigan. I wanted to vote for this because it might help get rid of the RFC and at the same time helping the small-business man. I cannot get enough help on that.

Mr. WOLCOTT. I may say to the gentleman that there will not be the necessity of continuing RFC as the money-raising agency for the Small Defense Plants Administration.

Mr. HOFFMAN of Michigan. One of the real purposes of this bill is to help the small-business men as distinguished from the large-business men?

Mr. WOLCOTT. Yes. If we do not adopt the amendment which the gentleman from Texas has offered, we have reasonable assurance it will be devoted to aiding small business.

Mr. HOFFMAN of Michigan. I assume that all of the provisions that the committee and the gentleman thought might aid in attaining the purpose desired have been written into this bill. With that in mind, I call attention to the fact that on page 22 the compensation of the Administrator is fixed at \$17,500 per annum. In view of the fact that yesterday a bill before the House authorized a commission of 25 members to hire a director, the bill, until it was amended, did not limit his compensation, what would the gentleman say about the advisability of not limiting this compensation in view of the fact that you must have a very good man to head it? That bill did not limit the amount the commission might spend. This bill seems to limit salaries.

Mr. WOLCOTT. I guess the reason why we put that in was because the Administrator now gets that amount and we did not want to change his salary.

Mr. HOFFMAN of Michigan. The gentleman is for the principle that the House should limit salaries in some way?

Mr. WOLCOTT. Excepting as that might apply to Members of Congress.

Mr. HOFFMAN of Michigan. I thank the gentleman.

Mr. CARNAHAN. Mr. Chairman, I rise in support of the pending amendment.

(Mr. CARNAHAN asked and was given permission to revise and extend his remarks.)

Mr. CARNAHAN. Mr. Chairman, I rise in support of the amendment. I associate myself with the gentleman from Texas [Mr. PATMAN] and sincerely trust that the limiting language in section 7 (a) (ii) be stricken from the bill. It has been pointed out forcefully several times during the debate that the bill

contain a good clear definition of what constitutes a small business. This limiting language does not contribute anything further to this definition but will place the Administrator of the act in a straitjacket in dealing with small business which needs the help the bill should extend.

The Administrator and his advisers should be permitted to consider the merits of each applicant solely on the needs and capabilities of each individual case.

The language of the bill in section 2 states:

The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

This is certainly a commendable declared policy of the Congress. But after making such a fine statement of policy why begin to limit and restrict the actual implementation of this basic policy. If such a policy is "basic not only to the economic well-being but to the security of the Nation," why put an awkward limit on such well-being and security. If it is the declared policy of the Government to "preserve free competitive enterprise" why begin to hedge by placing a crippling limitation on free competition.

Many sections of the Nation could, by help and encouragement, be making a sizable contribution to the production of scarce materials where they are now labor surplus areas. My own section of Missouri could be producing high grade steel, through small business, if encouraged by reasonable financial assistance. This is possible through new but proved small production units in both iron smelting, and steel making.

I urge the support of this very sensible amendment which will mean so much to small business and thus to the economic strength of the Nation. This amendment should be adopted.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Texas.

Mr. PATMAN. I think I might try to answer 2 or 3 of the things that were brought up by the distinguished gentleman from Michigan [Mr. WOLCOTT].

No. 1: Percentages are not always too good to use. I recall one instance where from one decennial census to another the Census Bureau reported that crime among the Chinese in one little town had

increased 300 percent during the 10 years.

An analysis of that percentage disclosed that only one Chinaman lived there and he violated three traffic laws. That made it 300 percent. Percentages are not always too accurate in passing on matters of this kind. It is true that it will strike out the 10-year limitation, that is right, for the same reason that the \$100,000 should be stricken out. Like it is on page 22 of the bill, there is a small business advisory board set up, and that advisory board will determine the policies that this Small Business Administration must follow. Commencing with line 16 it says:

The Small Business Advisory Board shall establish general policies which shall govern the Administration in carrying out the powers, duties, and authority conferred upon it by the act.

In other words, if we pass this bill without the limit, then they can place a limit on there if they want to. They have already placed a limit of \$300,000 with SDPA, but it is not a rigid, irrevocable, unchangeable limit. If they get into trouble and see where they might lose \$100,000, if they had a \$100,000 limit that they agreed upon, they can change it themselves, but they have to come to Congress and get an amendment to the law. Of course, that takes too long; they could not do that, and they should have the authority to fix the limit like they feel it should be fixed, but not at any rigid sum of \$100,000. It should be much more than that, but whatever limit they fix they can change if absolutely necessary. The Board can do that. The same way on capital loans. Some capital loans run longer than 10; some 12, some 15 years. Suppose a local concern has local sponsorship and they put up 75 percent of the money, they can amortize the borrowed 25 percent over a period of 12 or 15 years with the loan made by this Small Defense Plants Administration, but they cannot pay it back within 10 years. So, the Board can fix a 10- or 12-year limit, but in certain deserving cases they could change it. So, it gives the Board the power to act quickly and can act quickly in a case like that and not have any rigid requirement or limitation in it. The gentleman from Georgia suggested, or at least, expressed apprehension that it would be one way of defining small business. I want to respectfully suggest to the gentleman that it is not a good way to do it. Why, there are lots of small concerns that would go into the millions of dollars. There is a good definition of "small business" in this bill, and the different agencies of our Government, from the Smaller War Plants Corporation, the RFC, Small Defense Plants Administration, none of them have ever had the least trouble—or any procurement agency of our Government—agreeing on a definite, positive, understandable definition of "small business." That is not the problem at all; they never had any trouble with it, and I sincerely hope that the members of this committee will consider this limitation which will hamstring the Board. It will possibly cause a loss to the Government.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 46, noes 86.

So the amendment was rejected.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 28, line 15, after "construction", insert "Provided, however, That the foregoing \$100,000 limitation shall not apply to loans and advances for expansion of plants, equipment, facilities, machinery, supplies or materials for war or defense purposes, or to any loans and advances for any contract in connection therewith."

Mr. MULTER. Mr. Chairman, I am offering this amendment at the suggestion of the chairman of the Small Business Committee, our distinguished friend, the gentleman from Colorado [Mr. HILL]. This will eliminate the limitation only with reference to defense-procurement contracts and expansion of defense plants for small business only. It will permit the Small Business Administration, which this bill sets up to operate as the Small Defense Plant Administration has been doing now in making recommendations for loans, except in this case the agency will make the loan as under existing law it will be permitted to make it without limitation on the amount where it involves defense contracts or the expansion of small-business defense plants. I urge the adoption of the amendment.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we closed the front door and now we are trying to open the back door to accomplish the same purpose. This amendment surely should be defeated for a more important reason than that given for the defeat of the last amendment. This would operate, or allow them to operate, without any limitation whatsoever so long as a plant was being expanded. Perhaps it might be a plant built up on the small capital of say \$5,000, but so long as that plant was being expanded, it could be expanded into a \$100 million concern, limited only to the amount of money available under the loan provisions of this bill. It would make it possible for the entire \$150 million to be put into 1 loan, if it was characterized as an expansion loan. That is what I thought we were trying to avoid when we defeated the last amendment. So, I say, it seems to me this is another way of getting the same provisions into the law that we have just defeated, and this amendment should be overwhelmingly defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was rejected.

Mrs. PFOST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. PFOST: On page 20, line 14, after the word "operation", strike the period, insert a comma, and add the words "including producers of critical and strategic minerals and metals."

Mrs. PFOST. Mr. Chairman, it has come to my attention that previous organizations of the type which is being authorized by this pending bill have paid little or no attention to the mining industry as small business. Mining in my State of Idaho is a most important industry. I think none of the Members will disagree with me that our strategic and critical mining industry is of extraordinary importance to the economic life of our country and to our war potential. There have been certain steps taken during the emergency period to aid the mining industry, but, aside from the exploration program of the Defense Minerals Exploration Administration, very little has been done for small mine operators. The Reconstruction Finance Corporation has made a few large loans to substantial companies under section 302 of the Defense Production Act, on certification from the Defense Minerals Procurement Agency, but, as a practical matter, the RFC has not operated in the mining field since the revision of the Reconstruction Finance Corporation Act under the last Republican Congress, when section 14, which permitted loans for the development of mining properties, was dropped from the act.

It was hoped back in the early forties that the Smaller War Plants Corporation would do a good deal for the small-mining industry, but as it turned out, this act, in common with that setting up the Small Defense Plants Administration at a later date, and the organization which would be set up under the pending bill, were drafted principally to take care of the various small manufacturing concerns throughout the country, and no specific mention is made of mining.

It is true that the definition in section 3 of the bill presumably is all-inclusive. The experience in the past has been, however, that without specific mention of mining, it is very difficult to get these corporations and administrations to aid small-mining enterprises.

For example, although mining was not specifically mentioned in the act setting forth the powers of the Smaller War Plants Corporation, debates in the Senate and House at the time the bill was passed, clearly defined the intention of Congress in this respect.

Senator MILLIKIN, of Colorado, asked Senator MURRAY, of Montana, the author of the bill:

I should like to ask the distinguished Senator from Montana whether the small-business concerns and plants to which he is referring include concerns and plants which deal with mining.

To which Senator MURRAY answered an unequivocal "Yes" and then went on to amplify the answer. Senator MURRAY stated that he spoke not only for himself as chairman of the committee, but also for the members of the committee.

The Senate Small Business Committee pointed this out in a detailed brief addressed to Smaller War Plants Corporation Chairman Lou E. Holland on January 16, 1943, after it appeared as though the Corporation was going to do nothing to aid the mining industry.

Later on the same brief was called to the attention of the then Col. Robert W. Johnson, the next Chairman of the Corporation.

The committee drafted a suggested mining-loan policy for the Corporation in an attempt to show that there was a field for its endeavors which would serve the industry well but would not encroach on ground being satisfactorily covered by the Reconstruction Finance Corporation.

This was all to no avail. As far as can be learned only four strategic or critical mineral mine loans were ever granted during the life of the Corporation and those with extreme reluctance and after a great lapse of time between the submission of the application and its approval. A number of coal and rock-quarry loans were made.

The attitude of the Corporation in 1943 may well be summed up by the remark reported to have been made by one of its responsible officials that "if there were any good mines left the big interests would have them."

The loan powers of Small War Plants Corporation were almost a total loss, as far as the mining industry is concerned, and the need for raw materials for the war effort made no impression whatever on the Chairman or on the members of the Board.

No mention at all was made of mining when the Small Defense Plants Administration was set up, and, although theoretically it was possible for a mining enterprise to file an application for aid, as a practical fact I believe no such applications were passed by that Administration or, if any, not more than 1 or 2.

As you know, the Capehart bill, which is now under consideration by the Banking and Currency Committee of this House, contains a section which continues the life of the Small Defense Plants Administration, which would be superseded by the Small Business Administration, contemplated by the bill now under consideration. It was observed that this bill also had no language pointing up the mining industry. Senator GOLDWATER, of Arizona, introduced a committee amendment to the Capehart bill, substantially the same as this which I am now proposing. That amendment is contained in the temporary economic controls bill, which will shortly be before the House.

I understand that Senator THYE, chairman of the Small Business Committee of the Senate, has agreed to include similar language in his companion bill to this bill now under consideration.

Under the circumstances, and in view of the remarks I have just made explaining the background of the situation, I think it is only proper, if the Members will so agree with me, that the amendment I have proposed be included in the pending bill. I have spoken to the distinguished chairman of the committee, and he agrees that language defining producers of strategic minerals and metals would not be detrimental to this bill. I see no reason why anyone on either side of the House should oppose it. I am also sure the hundreds of small-mine operators all over the United States

will be very happy if we amend this bill as I have proposed.

(Mrs. PFOST asked and was given permission to revise and extend her remarks.)

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am particularly concerned, because there might have been something that I said that gave the gentlewoman encouragement to feel that her amendment would be acceptable. But in studying the matter, I find there were some obstacles that arose, the first being that if we included this special reference to any particular segment of the production effort, which would otherwise qualify as small business, we are fearful that by the inclusion of it we would be taking the chance, under several opinions of the courts, we would thereby be eliminating many things which we do not intend to eliminate and which we intend to include.

I think the purpose of the gentlewoman from Idaho [Mrs. PFOST] was to emphasize the fact that the bill does apply to critical metals and materials.

It is my understanding, and I am sure the understanding of the committee, that the bill as written does not eliminate the producers of critical metals and materials. And, by the same token, it includes concerns engaged in the mining and production of critical metals and materials which will be able to qualify otherwise.

I think there is danger that by the inclusion of the language, through a process of seeming elimination, we might create the impression that the language was intended to be restrictive in its application to other businesses and might imply an inference that they should be eliminated.

Mrs. PFOST. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentlewoman from Idaho.

Mrs. PFOST. Is it the gentleman's opinion that the section is sufficiently clear to include producers of strategic metals?

Mr. WOLCOTT. I would say to the gentlewoman from Idaho, speaking for myself, that I am sure that they are included; and speaking generally for the committee, I am sure the committee intended that the language be broad enough to include the producers of critical metals and materials. My own opinion is that it does include the producers of metals and materials who otherwise qualify for the assistance provided for in the act.

Mrs. PFOST. I thank the gentleman.

Mr. HOLT. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from California.

Mr. HOLT. Is it the opinion of the gentleman that this particular bill, as it is now written, includes the production of all minerals, in the event that the particular industry can otherwise qualify under the bill?

Mr. WOLCOTT. I think this bill covers all fields of production, mining, the processing of agricultural commodities, the manufacture of anything we can

conceive so long as it is done by small business as that term is defined by the act. Such a business can get aid, whether it be in the field of mining, food processing, the manufacture of automobiles or anything else if it can qualify.

Mr. HOLT. Mr. Chairman, will the gentleman yield further?

Mr. WOLCOTT. I yield.

Mr. HOLT. Then if this particular amendment were adopted stating that critical materials and metals would be included, the descriptive word "critical" might be held to be restrictive and make the act's application to the mining industry narrower than it now is.

Mr. WOLCOTT. That is what I would be fearful of, that concerns mining minerals which were not considered to be critical minerals might find themselves out of the picture because we have included "critical materials" and not included that particular mineral. So I think I can give the gentlewoman assurance that it is our intention—and this statement should be sufficient in determining the intent of this House—that the language of the act includes the production and mining of critical materials and metals as well as all other fields of our production effort.

Mrs. PFOST. Then it is my understanding that this bill was introduced by unanimous direction of the Small Business Committee after hearings had been held in which small-mine operators testified relative to their problems, and the committee had these problems in mind when the bill was drafted. With that assurance, I will withdraw my amendment.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Idaho?

There was no objection.

Mr. LANE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LANE: On page 20, line 6, after the word "concerns", add "especially in the so-called distressed areas so certified by the Department of Labor."

Mr. LANE. Mr. Chairman, I, too, of course, am in favor of this piece of legislation, but I am anxious to take care if possible one segment of our population that I think needs some attention at the moment—and I am aware at this time, Mr. Chairman, that the Members are anxious to vote on this measure for they have listened to debate for some time and are pretty well informed.

Mr. Chairman, my amendment is very simple; it seeks to add on page 20 of the bill in line 6 in the policy clause these simple words. I will start reading in line 3:

It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns—

My amendment merely seeks to add after the word "concerns" the following: "especially in the so-called distressed areas so certified by the Department of Labor."

You may ask what constitutes a distressed area. A distressed area is one of

those areas in group 4 of the labor market area which is known as an area of substantial labor surplus, areas in which the current labor force substantially exceeds labor requirements.

At the moment, Mr. Chairman, we have a number of those areas, 3 in Puerto Rico and 13 in the United States: Lawrence, Mass.; Providence, R. I.; Atlantic City, N. J.; Lowell, Mass.; Asheville, N. C.; Durham, N. C.; Winston-Salem, N. C.; Altoona, Pa.; Johnstown, Pa.; Scranton, Pa.; Wilkes-Barre, Hazleton, Pa.; Terre Haute, Ind.; and Tacoma, Wash.

In all these areas, Mr. Chairman, unemployment exceeds 6 percent of the labor force. In some of those areas unemployment is as high as 20 percent of the labor force. It is a sad state of affairs that at the present time in the midst of plenty with so many of our various cities and towns enjoying industrial prosperity we should have these soft spots throughout the country that are in need of some help and some assistance.

I know that it has been the policy in the past to try and do something to relieve and alleviate those situations, but little or nothing has been done up to the moment, and I was hopeful that under the provisions of this amendment some attention could be paid by this Small Business Administration in carrying out the provisions of this act to see that some help and assistance was given to these cities and towns, and do whatever this agency could in that regard.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. LANE. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. I certainly think the gentleman should be congratulated for his continuing effort here in the Congress and elsewhere to be helpful to the people of the so-called critical areas. Whether his amendment is adopted or not, I am sure the Administrator will do all he can to provide every kind of help the gentleman is talking about.

Mr. LANE. I thank the gentleman.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. LANE. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. I wish the gentleman would understand that this bill becomes permanent law in time of peace as well as in time of war. He does not want the taxpayers' money taken from everybody in the United States to help one section of the country as against another section of the country in time of peace. You might have surplus labor in one section of the country this fall, then the next spring you will not have that surplus. These laws are made for more than one section of the country. The gentleman's proposition is not applicable to a bill of this kind.

Mr. LANE. I may say to the gentleman from Georgia that every day here when we pass appropriation bills we help certain sections of the country. I dare say that we from the industrial sections of the country day in and day

out in connection with appropriation bills help the peanut growers in Georgia, the corn industry, the wheat industry, or the dairy industry. So we cannot say when we vote on these appropriations that we want to vote because it is helpful to us or to somebody else.

Mr. BROWN of Georgia. We protect your industries by a high tariff, too.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

(Mr. LANE asked and was given permission to revise and extend his remarks.)

Mr. BONIN. Mr. Chairman, I wish to express my interest in and support of H. R. 5141, the purpose of which is to create a Small Business Administration to preserve small business institutions and a free, competitive enterprise.

In the past, Congress—and especially the House of Representatives—has recognized the importance of small business concerns throughout the country. This recognition of small business has been expressed in legislation during the times of crisis. I sincerely hope that the bill being discussed this morning will remove small business out of the crisis category for war periods and place it on a permanent basis during war and peace.

Small business should never be considered as a war baby. The backbone of the United States has been the small businesses that have helped to make this Nation great. With this thought in mind, we should retain some form of help in times of peace or war—depression or prosperity.

Weak or deteriorated small business threatens the entire economic well-being of the Nation; however, a vigorous, healthy program for small businesses is the principal safeguard for continued prosperity and security of our Nation.

I represent a congressional district of the Commonwealth of Pennsylvania which is classified as a "distressed area." At the present time, there is in the neighborhood of 28,000 unemployed but, normally, hard-working people, begging for work. I am convinced that H. R. 5141 would be of material assistance to help my small industries in the district to employ additional people, if this bill passes. Its enactment would be a "shot in the arm" for the businesses there—which would, in turn, be passed on to the employees and future employees of these industries. It will revitalize the faith and hope of the people who have seen their families vacate Luzerne County for other parts of Pennsylvania, New Jersey, and New York and other States where they may secure work—working with the hope of returning to their homes and families in the near future. They hope and pray that the industries for which they formerly worked will once again call them back. My people do not want handouts—they want work and need work.

H. R. 5141 would create a permanent Small Business Administration, as distinguished from the burdensome and discredited Reconstruction Finance Corporation. This bill provides for an organization to make small-business concerns sound and self-sufficient. It also insures

small-business enterprises to mobilize our economy for war and will retain it for the benefit of our economy during times of peace.

This bill will help to concentrate the responsibilities for the administration of a sound business program. It will preserve and develop small business in one independent agency of our Government, which will directly respond to the demands of small businesses and their needs. H. R. 5141 will also eliminate the overlapping functions performed by numerous other divisions in our various departments of the Government. This bill will eliminate duplication and wasted effort and will result in savings to the taxpayers.

To return to the problem which is faced by the people of my district, Congressmen FENTON and CARRIGG join with me in extending congratulations to the gentleman from Massachusetts [Mr. LANE] for offering his timely amendment to this bill. He has brought to the attention of this House the problems with which we are confronted in the Scranton-Wilkes-Barre-Hazleton-Pottsville area. I hope his amendment will meet with the approval of the Members. We are undergoing economic depression in our districts and we are convinced that the Federal Government should help to locate diversified industries in these areas. The Department of Labor carried Luzerne, Lackawanna, and Schuylkill Counties on its critical lists for the month of May. I cannot urge too strongly that this measure be passed, not only for my district, and others like it, but for the good of all small businesses everywhere. Let us remove this black mark from the anthracite-producing regions of Pennsylvania and other parts of this great country.

Mr. DONOHUE. Mr. Chairman, I consider it a conscientious duty to speak here this afternoon in support of the small business people of my own district and the Nation. The only voice they have in the enactment of Federal legislation is yours and mine and we would be neglecting our obligation if we failed to truly represent this solid segment of our national and area economy.

I am heartily in favor of the principle of this legislation to establish a permanent, independent Small Business Administration. The bill as it stands now contains some very dubiously helpful provisions but it is all we have to act upon at the moment. I am hopeful that remedial clauses to enlarge the assistance so many of our small business concerns vitally need will be added by both chambers of the Congress in the near future.

It has always been an unquestioned American tradition that this Government shall aid, counsel, assist and protect the interests of small business in order to preserve our democratic system of free competitive enterprise. In modern times, Government assistance has become more vitally important to insure that a fair proportion of the total purchases and contracts for military supplies and services shall be placed with small business enterprises and to main-

tain and strengthen the overall national economy.

Unquestionably real savings could be encouraged from a greater utilization of our smaller manufacturers in our defense effort. We all realize the vast expenditures that have been authorized for the competing military branches to obtain the necessary war products. A great many of these products and articles could certainly be purchased more cheaply from the smaller producers who are not yet being permitted full participation in the mobilization program.

With the scheduled end on June 30 of the Small Defense Plants Administration it is imperative to the survival of small business to have a Government agency to direct and assist them in obtaining appropriate Government contracts and also advise them on applying for necessary financial loans.

Our small business firms have a substantial employment figure. By granting reasonable help to keep these firms going we are taking safety steps in the prevention of threatening unemployment which is unquestionably uneconomic in these dangerous days when every person and every resource of the Nation should be brought into this fighting struggle against Communist aggression.

Mr. Chairman, throughout the history of this country those engaged in small business have repeatedly demonstrated they are an essential patriotic artery of our productive body and in our survival as a free democratic people.

I earnestly urge you, my colleagues, to vote without further delay to extend this minimum aid to enable small business to maintain its rightful place in our traditional American life and history.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Massachusetts [Mr. LANE] and may say to him that we are all very sympathetic with reference to the conditions in the New England area. Perhaps they have been helped out somewhat because of the policy of the procurement agencies of steering contracts for defense work into otherwise distressed areas. The situation cannot be completely corrected under this language, however. The cause lies deeper than that. It lies in the fallacious policies which have been developed in this country during the last 20 years in respect to foreign policy and foreign trade. Through a change of those policies and with the cooperation of the New England States themselves, we hope to put that area on a fair competitive basis with the rest of the country.

In the meantime we have to create some aid for concerns in these distressed areas but not to the prejudice of small business generally. So I am fearful if the gentleman's amendment is adopted stressing that it shall be done especially in these areas that overemphasizes the need of small business in distressed areas to the possible prejudice of small business in other areas which might need as much help as small business in the distressed areas. That is the point. We want to equalize this help without prejudice to any small concern, with

special favors to none, with equal justice to all, as Mr. Jefferson said.

I hope the pending amendment will be defeated.

(Mr. SPRINGER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SPRINGER. Mr. Chairman, I am happy to be recorded in favor of this bill which I feel will do so much for small business in this country. Small business is the bulwark of free competitive enterprise. As long as the ownership and operation of business is diversified there is little danger that Government can ever make much of an inroad in substituting Government operation for private business.

As defined in this act a small-business concern is one which is independently owned and operated and which is not dominant in its field.

This act would continue many of the functions of the Small Defense Plants Administration, which is good. This bill will authorize the Small Business Administration to make loans to small-business concerns. However, no loan can be granted in any amount exceeding \$100,000. It is interesting to note that under the old Reconstruction Finance Corporation about 63,300 loans were made through March 31, 1953. Ninety percent of these loans were made in amounts of \$100,000 or less. In the fiscal year 1952 the Reconstruction Finance Corporation authorized 435 business loans in amounts of less than \$100,000. The average loan was only \$30,543.

In the same period 112 business loans in amounts of over \$100,000 totaled \$109,561,000 in gross amount. This is almost 6 times the amount which was authorized in the \$100,000-and-under category. Stated differently, it took the same amount of loan funds to provide for only 12 concerns that it would have taken to meet the needs of 2,485 small-business concerns at the average loan amount of \$30,543 per loan. This situation emphasizes the need in this act of placing a realistic limit on loans to any one borrower if the Administration is to assist small business.

It should be emphasized that the loan assistance provided for in the act is intended to supplement rather than be competitive with financial assistance extended to small business by private financing institutions. To further encourage private financing institutions in meeting the loan needs, authority is given under this act to participate with private financing institutions in loans made to small business.

In a recent survey which was made by the House Committee on Small Business it was found that of the approximately 4 million business concerns, 87.4 percent had under 8 employees and 95.2 percent of the total number of concerns employed less than 20 people. This survey reveals that on the basis of employment small business is truly small in size. The purpose of the Small Business Act of 1953 is to assist small business.

This bill will require the Reconstruction Finance Corporation to transmit all applications from small business concerns for financial assistance which are

received after the enactment of this legislation to the Small Business Administration. This will also provide for the winding up of the Reconstruction Finance Corporation a year earlier than had formerly been planned.

Mr. Chairman, in my opinion the enactment of this law is a wise provision to keep alive small business and industry in this country. It will properly implement the diversification of business so that we can have competition in private enterprise which has made America great. The history of competition in this country has resulted in lower prices for products per unit than any place else in the world. In these times when business has a tendency to become highly centralized, the Small Business Act of 1953 is real protection for the preservation of small business in this country. It is a bill that I am happy to be counted in favor of.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. LANE].

The amendment was rejected.

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Before this bill was presented for a rule I noticed that instead of reporting the bill and the amendment the committee adopted, the two amendments I have discussed here today as amendments to the bill, it was reported as a whole amendment to the complete bill. I am not criticizing the distinguished chairman of the committee for doing that.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. WOLCOTT. The chairman of the committee did not do that. The whole committee voted to do it. I called attention to the fact it should be done and the whole committee voted unanimously to rewrite this bill as a clean bill, which is done 99 times out of 100. That is why it is in this form. It would be a hodgepodge otherwise.

Mr. PATMAN. I am not accusing the chairman of doing something he should not have done, I want to make that plain, but I thought we would have a separate vote on those two amendments because they were amendments to H. R. 5141. The way it is presented we cannot get a separate vote on those two amendments because it is presented in a way that will preclude that possibility. I am not criticizing the gentleman for it; I am just stating the facts as they exist. Now, the only way I know how to get a vote on those two amendments is to make a motion to recommit, which I expect to do, and I hope that the Members of the House will support the motion to recommit with instructions to report the bill back forthwith with amendments to raise the amount from \$250 million to \$500 million and strike out the limitation of \$100,000; those two points.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Indiana.

Mr. HALLECK. Of course, since this is all one amendment—and it has happened many, many times since I have been here—the only motion to recommit that would be in order would be a straight motion to recommit.

Mr. PATMAN. Of course, I do not think the gentleman should insist on that. That just denies us the privilege of getting the House to vote on the amendments in the first place after the committee adopts amendments to reduce the amount to \$250 million and the \$100,000 limitation amendment, I mean, after the committee adopts the amendments on H. R. 5141, the bill now before us, and then if we make that motion to recommit and it is held out of order that is just using parliamentary procedure to keep a person from getting the House to pass directly on the motion, and I do not believe the gentleman would insist on that. I know the gentleman is a very fair man and I have very high regard for him; in fact, the highest regard, notwithstanding our differences we often have.

Mr. HALLECK. The gentleman offered his amendment in the committee and he was overwhelmingly defeated. He has had his day in court, and I propose to make the point of order because it is in line with the rules of the House and has been the rule ever since I have been here, and it has been applied many, many times.

Mr. PATMAN. Of course, that is going rather far, I will say to the majority leader, to try to deny us a vote in the House of Representatives. As a matter of right, it occurs to me that we should have had it on two amendments to this bill we are considering, but the way the bill was written and the rule granted, we cannot do it, and therefore the only recourse the minority has is a motion to recommit, and that is the motion I expect to make. Believing in the fairness of the gentleman from Indiana, and the distinguished gentleman from Michigan, I am sure they would not try to deny us an actual vote in the House of Representatives on that motion. That is the only way we can get a record vote in the House of Representatives.

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last word merely to put before the Committee of the Whole the actual record of what happened in the Committee on Banking and Currency. After we had completed our work on the bill, the gentleman from New York [Mr. GAMBLE] moved that the bill be reported out, to strike out all after the enacting clause, and the chairman take such action as is necessary, and that vote was unanimous. Then the gentleman from Texas [Mr. PATMAN] suggested that the language agreed upon by the chairman and the gentleman from Kentucky [Mr. SPENCE] with respect to the Board and the antitrust matters be O. K.'ed. It goes on to say that the gentleman from New York [Mr. MULTER] and the gentleman from Texas [Mr. PATMAN] will submit additional views. We adjourned at 4:35 p. m., and, according to the official record here, the gentleman was in the committee when this action was taken.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Texas.

Mr. PATMAN. I raised the point about striking out the provision of the defense-production plant and the question of the oil companies organizing a world cartel. I brought the question up, and it was considered, and after it was considered, although they got the cartel agreement ready to spring and it would not go in, I asked consideration, and I did not want to press it further. But we were not overwhelmingly defeated on those two amendments, I will say to the gentleman.

Mr. WOLCOTT. I did not say anything about your being overwhelmingly defeated. I said you were there when it was agreed that we report a clean bill, and the clean bill would be in the form of a committee amendment after striking out all after the enacting clause. The record shows that the motion was to strike out all after the enacting clause and introduce the one amendment as a clean bill. The gentleman was there at the time that was done. We took no action at all which the gentleman at the time did not agree with.

Mr. PATMAN. Maybe I should plead guilty to a lack of understanding or that I did not have the knowledge to understand it, but I am sure that I was expecting at the time, as all other members on the outside were discussing it, that we would have an opportunity to vote on those two amendments, and since we do not have an opportunity to vote on the two amendments in the House of Representatives—

Mr. WOLCOTT. I decline to yield further, Mr. Chairman.

Mr. BONIN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Pennsylvania.

Mr. BONIN. Mr. Chairman, I ask unanimous consent to extend my remarks at the conclusion of the remarks made by the gentleman from Massachusetts [Mr. LANE].

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WOLCOTT. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Gross, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5141) to create the Small Business Administration and to preserve small business institutions and free, competitive enterprise, pursuant to House Resolution 265, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. WOLCOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state the parliamentary inquiry.

Mr. WOLCOTT. Mr. Speaker, the bill being in the form in which it now appears, there being one amendment in the form of a substitute to the language of the bill as originally introduced, may a motion to recommit be made to report the bill back with instructions in respect to any part of the bill?

Mr. PATMAN. Mr. Speaker, would the speaker permit me to offer my motion before arguing the point of order on it? I have a motion to recommit.

The SPEAKER. Permit the Chair to state to the gentleman from Michigan that the Chair would prefer to have that question presented officially before ruling upon it.

Mr. WOLCOTT. Mr. Speaker, I was merely attempting to bolster up my case, and to get the Speaker to testify in my behalf before I made the point of order.

Mr. PATMAN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. PATMAN. I am opposed to the bill in its present form, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. PATMAN, of Texas, moves to recommit the bill to the Committee on Banking and Currency with instructions to report the bill back with the following amendments:

One page 21, line 7, strike out "\$250,000,000" and insert in lieu thereof "\$500,000,000."

One page 21, line 9, strike out "\$250,000,000" and insert in lieu thereof "\$500,000,000."

One page 21, line 15, strike out "\$115,000,000" and insert in lieu thereof "\$400,000,000."

On page 28, strike out lines 5 through 15.

Mr. WOLCOTT. Mr. Speaker, I make a point of order against the motion to recommit, on the ground that under the rules of the House where the last action taken by the House is the adoption of an amendment, a motion to recommit is not in order to instruct the committee to report back different language than that included in the amendment which has just been adopted by the House and thus change the action which was taken by the House.

The SPEAKER. Does the gentleman from Texas desire to be heard on the point of order?

Mr. PATMAN. Yes, Mr. Speaker, I desire to be heard on the point of order.

Mr. Speaker, the resolution, House Resolution 265, which is the rule which was adopted providing "for the consideration of this bill provides that after general debate which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider

without the intervention of any point of order the substitute amendment recommended by the Committee on Banking and Currency now in the bill, and that such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House or any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit."

Mr. Speaker, I respectfully invite the attention of the Chair to the fact that the rule provides that we shall consider this amendment as an original bill. That is provided for in the rule on page 2, line 5, that it shall be considered under the 5-minute rule as an original bill. And after it is considered as an original bill, the rule specifically provides that after the previous question shall be considered as ordered on the bill and amendments to final passage, without intervening motion, except one motion to recommit. I have filed that one motion to recommit. That is the rule that is followed, and I believe, Mr. Speaker, that it is in order. If it is not in order, I just feel like we have not had an opportunity to fairly present the most important things in this bill to the House of Representatives.

Mr. HALLECK. Mr. Speaker, may I be heard on the point of order?

The SPEAKER. The Chair will be glad to hear the gentleman from Indiana.

Mr. HALLECK. It is not a matter of the Speaker condoning anything. It is a matter of the Speaker applying the rules that have been written and have existed for years here. That is all the Speaker can do on this occasion. The rule is well established, and I am a little surprised that the gentleman from Texas [Mr. PATMAN] presses it, because in the colloquy a short time ago I thought he himself said he recognized that under the rules of the House a motion to recommit, that he has here offered, would not be in order.

Mr. PATMAN. No. That gentleman misunderstood me.

Mr. HALLECK. I decline to yield. If I am putting the wrong interpretation on it, then the membership can understand it. In any event, that is the way I understood it. He complained about the fact that a point of order would be raised. The fact of the matter is that it was to be considered as an original bill for the purpose of amendment and under the 5-minute rule, but we are past that stage. The only provision is for one motion to recommit, which is the language that is always included in rules in respect to a motion to recommit. Of course, the rule might have provided otherwise, but it did not. Whether or not the gentleman protested the rule, or the form of the rule, I do not know,

but certainly, Mr. Speaker, under the clear rules of the House and under this resolution the point of order is well taken.

The SPEAKER. The Chair is ready to rule. The Chair has painful recollection, through his long service in the minority, as to the application of this particular rule. The Chair knows that all the precedents are opposed to the motion to recommit as it is now presented to the House. The House having adopted a substitute amendment for the entire bill, that precludes any motion to recommit proposing to modify such amendment.

The Chair sustains the point of order.

The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM FOR NEXT WEEK

(Mr. HALLECK asked and was given permission to address the House for 1 minute.)

Mr. HALLECK. Mr. Speaker, I have asked for this time in order to announce the program for next week, as nearly as I can. I have discussed the matter to some extent with the minority leader, the gentleman from Texas [Mr. RAYBURN].

Monday is District day. I understand there is at least one bill, H. R. 5312, the so-called crime bill, which the committee expects to call up on that date.

I might also add, for the benefit of the Members on our side of the aisle, that we hope to have a Republican conference here in the Chamber at 2:30, if the House concludes its work before that time, or at such time thereafter as the business of the House of Representatives is concluded, and immediately upon adjournment.

Then, for the balance of the week, may I say specifically with respect to this list of bills that by placing them in this order I do not undertake to say that that will be the order in which they will be called up:

S. 1081, which is an extension of the Defense Production Act, which has been reported by the Committee on Banking and Currency.

H. R. 5304, having to do with annuities for survivors of men in the armed services. That is a bill from the Armed Services Committee.

H. R. 3203, referred to as the trip leasing bill, which is in the process of being reported, I understand, by the Committee on Interstate and Foreign Commerce.

The first and last of those three measures will of necessity have to be granted rules, but I am hopeful that those rules can be granted Monday or Tuesday of next week so that we can proceed with the consideration of those measures.

Also, there is in the Committee on Ways and Means a bill providing for the extension of the Reciprocal Trade Agreements Act, and for certain other matters. If that should be reported and a rule granted, we would like to bring that up next week.

I might also say that if other rules are granted or committee action is taken, or action contemplated next week on any other measure, I will immediately undertake to let all the Members know so that they may make their plans accordingly.

Mr. McCORMACK. Mr. Speaker will the gentleman yield?

Mr. HALLECK. I yield.

Mr. McCORMACK. I notice the Senate yesterday passed the State, Justice, and Commerce appropriation bill, and that an important amendment was added on which there was a rollcall vote in the Senate, in effect an expression of opinion on the part of the Congress on the admission of Communist China into the United Nations. It was a unanimous vote.

Might I suggest to the leadership that an opportunity be given to the Members of the House to vote on that matter separately, whether the bill goes to conference and is brought back with that amendment in disagreement, or on a motion to instruct conferees; there are two ways in which it could be done. I am for it and I think practically every Member here is for it.

Mr. HALLECK. I might say to the gentleman that I, too, am for it. I have not discussed the matter of handling the conference on that appropriation bill with the members of the Appropriations Committee but I shall be glad to have the gentleman's suggestions.

Mr. McCORMACK. If the gentleman will yield further, as I say, there are two ways in which it could be done: On a motion to instruct conferees before the measure goes to conference, but I think perhaps the better way would be to have them bring the amendment back in disagreement so the House could have an opportunity of passing on it.

Mr. HALLECK. Yes. We who are familiar with rules of procedure know that it can be arranged, and I think it would be a very desirable thing for the House to be on record on such an amendment.

CALENDAR WEDNESDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

STRENGTHENING THE NORTH- WEST'S TOMORROW

(Mr. ANGELL asked and was given permission to extend his remarks at this

point in the RECORD and include an address.)

Mr. ANGELL. Mr. Speaker, at a recent session of the Lewiston, Idaho, Chamber of Commerce, meeting jointly with the Rotary Club, Kiwanis Club, and Lion's Club, Mr. Hillman Lueddemann, an outstanding citizen of Portland, Oreg., in my congressional district, and an authority on the resources of the Northwest, made an effective address entitled "Strengthening the Northwest's Tomorrow." I am including the address as part of these remarks inasmuch as it contains much factual information on the development of this large and important area of our Nation. The address follows:

STRENGTHENING THE NORTHWEST'S TOMORROW
(Address of Hillman Lueddemann before Lewiston, Idaho, Chamber of Commerce, Lewiston, Idaho, Wednesday, May 20, 1953)

It was just this type of gathering that I had the honor of addressing on February 25, 1948, as the incoming president of the Portland Chamber of Commerce. My talk at that time carried the theme of Lewiston as the farthest inland seaport on the coast, and Lewiston as the eventual great terminus of rail and water traffic. A few days after that meeting, Herb West and I appeared before the Senate Appropriations Committee in Washington in support of additional funds for McNary Dam. Tonight, in the same place 5 years later we meet again. The same Herb West is in there fighting just the same, and after this meeting will be on his way to Washington to fight for the allocation of funds for the Dalles Dam and new starts on the Snake River. I mention these incidents with satisfaction because it demonstrates that the leadership of the Inland Empire Waterways Association is strong, constant, and effective in the development of all facets of water resources development in the Northwest, and has gained an enviable national and regional reputation. I am most happy to be the newest member of the board of directors and pledge my wholehearted support and cooperation. The association should be complimented on the fact that it has always presented a certain economic approach to the solution of our resources program and has never engaged itself in partisan politics. The greatest tribute that can be paid the efforts of any organization is the fact that no Congressman or Senator in the States of Washington, Oregon, or Idaho has ever voted against appropriation for carrying out this program of the Inland Empire Waterways Association for the development of the Columbia River system.

My business training, of necessity, has taught me to think in terms of area development. For example, to provide cargoes for a large fleet of ships, it is necessary to receive cargoes from all ports in the Northwest. Likewise, in purchasing timber, building sawmills, and operating logging camps, of necessity State boundaries have had to be forgotten, and again area operation has come into play. My thoughts and actions for the past 30 years have been directed toward the development of the Pacific Northwest as one economic unit.

The Columbia Basin river system is our strongest economic tie. It forms an ideal, natural harbor extending from Astoria, Oreg., to Lewiston, Idaho, a distance of 425 miles. This drainage system embraces approximately 259,000 square miles in 4 States and Canada, 95 percent of which is above Celilo Falls. There are 8,200 miles of the main stem of the Columbia, Snake, and important tributaries. The volume of water is 3 times that of the Missouri, 5 times that of the Sacramento, and 8 times that of the Colorado. The area which the Columbia and its tributaries drains is 20 times larger than the

Puget Sound drainage and 5 times larger than the San Francisco Bay drainage.

Great seaports are created by great drainages, often termed "hinterlands." The greatest seaports in the world are those that have reached out into their hinterlands with waterways, railways, and highways. Out of the 30 largest cities in the world, 20 are seaports, each served by productive hinterlands. I like to regard the large seaport cities as the hub of a large wheel, dependent upon the strength of the spokes which are made up of clusters of smaller ports of the hinterland. I regard the Columbia River (embodying the ports of Portland, Vancouver, Longview, Ranier, Umatilla, etc.) as one big harbor, the same as Puget Sound (which embodies the ports of Seattle, Tacoma, Everett, Bellingham, Anacortes, etc.) and San Francisco Bay (embodying the ports of San Francisco, Oakland, Richmond, Sacramento, etc.). It follows, then, that we should regard the Columbia Basin from Astoria to Lewiston as one harbor, and even though deepwater ships berth in the lower Columbia, the law of gravity prevails in making it natural and feasible to barge, rail, and truck the products of the hinterland of the upper Columbia to ship's side. I emphasize, the various ports in all harbors contribute to the general pool of tonnage which constitutes the volume that permits hundreds of ships to carry cargoes. I have witnessed foreign shipowners, unacquainted with Columbia River operations assess shippers as much as \$4,500 to move a vessel from Portland to Vancouver, Wash., because of the 2 ports being in different States. The actual cost was only about \$200. Therefore, my friends, let us never lose sight of the fact that the general economy of the Pacific Northwest can best be served by developing the Columbia Basin, as 1 unit, 1 harbor, and in the time allotted me today, I shall touch briefly upon phases of area development to strengthen our Northwest's tomorrow.

The increase in population of the Pacific Northwest is so gradual and constant that we who live here are apt to not realize the full impact that same is having upon our general economy. This great movement started 12 years ago, and never in the history of the world have so many souls moved from one point to another in peacetime as they have in our present westward migration. Population increase since 1940 estimated by the experts will be 1½ million more in the Pacific Northwest by 1960. This means, in terms that we can all understand, 1 more Seattle, 1 more Tacoma, 1 more Spokane, and for good measure, 15 more Lewistons.

The discovery of oil in southern California marked the beginning of an industrial revolution that transformed the Southwest into one of the most populous areas in the country. While it is true that oil is power, by reason of its costliness to produce, its potential cannot equal that of low-cost hydroelectric power which the Columbia Basin is capable of producing. This low-cost hydroelectric power promises to work the same kind of a revolution here in the Pacific Northwest. I would say we are better off, then, than the State of California in having water instead of oil as our basic natural resource. All economists have agreed that water is the limiting factor to the growth of any community. Therefore, with an unlimited supply of water from melting snow in the summer and gentle rains for the balance of the year, the potential of the Northwest is greater than any other section of the United States. In the 10 short years of its existence in the economic structure of the Pacific Northwest, the light-metals and electrochemical industries, for instance, have added materially to our growth and prosperity. From not only the manufacturing end but from the fabricating end has the

aluminum industry, in particular, been a boon to our growth.

Almost half the aluminum produced in the Pacific Northwest is fabricated here. It is made into irrigation pipe, cooking utensils, boats, and many other items which find daily use. More than 300 businesses are fabricating these items from aluminum produced right here in the Columbia Basin. The new jobs created, the new people brought into our communities, and the taxable wealth created is but one indication of the advantages to be derived through the use of the water that otherwise would be wasted. We must build a healthier business climate and we must engender a thorough understanding if we are to encourage the industrial use and expansion of our great resources.

When we view the potential hydroelectric generating capacity of the Columbia Basin as the equivalent of 60 Bonnevilles, our efforts to date constitute only a 10-percent accomplishment. However, dams that are actually under construction at the present time, namely, Hungry Horse, Albeni Falls, Chief Joseph, McNary, the Dalles, Pallsades, Lookout Point, Dexter, Detroit, and Big Cliff, when completed within the next 8 years' time, will constitute the equivalent of 8 more Bonnevilles. Then we might say that in 8 years' time, counting the private and public dams that are now in operation and those that are being built, we will have the equivalent of 13 Bonnevilles, which will have accomplished our potential by 20 percent. Our progress, therefore, is impressive, but I am more impressed with the tremendous job which is ahead of us.

We have experienced power shortages, brownouts without any drive on the part of anyone to induce industry to locate in the Pacific Northwest. The task before us is not to attempt to assess blame for past power shortages, but rather to attempt to avert them in the future. The major causes of our power shortage has been the lack of what is termed unity in the Pacific Northwest. It is estimated that we will need some 27 million acres for upstream storage to support the full water resource development of the Columbia River system. Yet we do not have one dam proposed by the Federal Government, by private utilities, by public utilities, or by municipalities that is not in controversy. There has been an increase in residential consumption in the past years from an average of 1,900 kilowatts per residential consumption in 1942 to an excess of 5,200 kilowatts in 1952. All of our private utilities, public utilities, and municipalities are earning more net income than 10 years ago, and the price of residential power over the whole has decreased some 30 percent. Again, I point out that we are a single, economic unit when it is possible to afford power users located in the most remote corners of the Columbia Basin the same rate as those users in the very shadow of Bonneville Dam.

So much for what the great workhorse can do for us powerwise. Let's see what he can do for us navigationwise.

Navigationwise, there is a tremendous story to be told when we realize that the Dalles-Celilo Canal was completed in 1915 and that some 61,000 tons of cargo moved through the canal in the next 23 years to the opening of the Bonneville Dam in January 1938. The first year the Bonneville Dam was opened, nearly as much freight in 12 months was carried on the Columbia River as was transported in the previous 23 years. This past year—1952—close to 2 million tons of cargo was transported on the river. This included petroleum, wheat, cement, ammunition, and lumber. Seventy-five percent of the tonnage of the inland empire is produced and consumed east of McNary Dam. With the opening of McNary locks, another major step for extension of inland navigation to Lewiston has been made. I share with you your desire for completed waterways system

83^d CONGRESS
1ST SESSION

H. R. 5141

IN THE SENATE OF THE UNITED STATES

JUNE 8, 1953

Read twice and referred to the Committee on Banking and Currency

AN ACT

To create the Small Business Administration and to preserve small business institutions and free, competitive enterprise.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Small Business Act of
4 1953".

5 SEC. 2. The essence of the American economic system
6 of private enterprise is free competition. Only through full
7 and free competition can free markets, free entry into busi-
8 ness, and opportunities for the expression and growth of
9 personal initiative and individual judgment be assured. The
10 preservation and expansion of such competition is basic not
11 only to the economic well-being but to the security of this

1 Nation. Such security and well-being cannot be realized
2 unless the actual and potential of small business is en-
3 couraged and developed. It is the declared policy of the
4 Congress that the Government should aid, counsel, assist,
5 and protect insofar as is possible the interests of small-
6 business concerns in order to preserve free competitive en-
7 terprise, to ensure that a fair proportion of the total pur-
8 chases and contracts for supplies and services for the Gov-
9 ernment be placed with small-business enterprises, and to
10 maintain and strengthen the overall economy of the Nation.

11 SEC. 3. For purposes of this Act, a small-business con-
12 cern shall be deemed to be one which is independently owned
13 and operated and which is not dominant in its field of
14 operation. In addition to the foregoing criteria the Admin-
15 istration, in making a detailed definition, may use these
16 criteria, among others: Number of employees, and dollar
17 volume of business.

18 SEC. 4. (a) In order to carry out this policy there is
19 hereby created an agency under the name "Small Business
20 Administration" (hereinafter referred to as the Administra-
21 tion), which Administration shall be under the general direc-
22 tion and supervision of the President and shall not be
23 affiliated with or be within any other agency or department
24 of the Federal Government. The principal office of the
25 Administration shall be located in the District of Columbia,

1 but the Administration may establish such branch offices in
2 other places in the United States as may be determined by
3 the Administrator of the Administration.

4 (b) The Administration is authorized to obtain money
5 from the Treasury of the United States for use in the per-
6 formance of the powers and duties granted to or imposed
7 upon it by law, not to exceed a total of \$250,000,000 out-
8 standing at any one time. For this purpose appropriations
9 not to exceed \$250,000,000 are hereby authorized to be made
10 to a revolving fund in the Treasury. Advances shall be made
11 to the Administration from the revolving fund when re-
12 quested by the Administration. This revolving fund shall be
13 used for the purposes enumerated subsequently in sections 7
14 (a), (b), and (c). Not to exceed an aggregate of
15 \$150,000,000 shall be outstanding at any one time for the
16 purposes enumerated in section 7 (a). Not to exceed an
17 aggregate of \$100,000,000 shall be outstanding at any one
18 time for the purposes enumerated in sections 7 (b) and (c).

19 (c) The management of the Administration shall be
20 vested in an Administrator who shall be appointed from
21 civilian life by the President, by and with the consent of the
22 Senate, and who shall be a person of outstanding qualifica-
23 tions known to be familiar and sympathetic with small-busi-
24 ness needs and problems. The Administrator shall receive
25 compensation at the rate of \$17,500 per annum. The

1 Administrator shall not engage in any other business, voca-
2 tion, or employment than that of serving as Administrator.
3 The Administrator is authorized to appoint three deputy
4 administrators to assist in the execution of the functions
5 vested in the Administration. Deputy administrators shall
6 be paid at the rate of \$15,000 per annum.

7 (d) There is hereby created the Small Business Ad-
8 visory Board of the Small Business Administration, which
9 shall consist of the following members, all ex officio. The
10 Secretary of the Treasury, as Chairman, the Secretary of
11 Commerce, and the Administrator. Either of the said Secre-
12 taries may designate an officer of his Department, who has
13 been appointed by the President by and with the advice
14 and consent of the Senate, to act in his stead as a member
15 of the Small Business Advisory Board with respect to any
16 matter or matters. The Small Business Advisory Board
17 shall establish general policies which shall govern the
18 Administration in carrying out the powers, duties, and
19 authority conferred upon it by the Act. Such general
20 policies shall, among other things, provide the standards
21 (1) for the granting and denial of financial assistance by
22 the Administration, and (2) for exercise of the powers
23 enumerated in sections 7 (b) and (c). It shall also be
24 the duty of the Small Business Advisory Board to periodi-
25 cally review the operations of the Administration and coor-

1 dinate its functions with other activities and policies of the
2 Government.

3 SEC. 5. (a) The Administration shall have power to
4 adopt, alter, and use a seal, which shall be judicially noticed.
5 The Administrator is authorized, subject to the civil service
6 and classification laws, to select, employ, appoint, and fix
7 the compensation of such officers, employees, attorneys, and
8 agents as shall be necessary to carry out the provisions of
9 this Act; to define their authority and duties, require bonds
10 of them, and fix the penalties thereof. The Administration,
11 with the consent of any board, commission, independent
12 establishment, or executive department of the Government,
13 may avail itself of the use of information, services, facilities,
14 including any field service thereof, officers, and employees
15 thereof, in carrying out the provisions of this Act.

16 (b) In the performance of, and with respect to, the
17 functions, powers, and duties vested in him by this Act,
18 the Administrator, notwithstanding the provisions of any
19 other law, may—

20 (1) sue and be sued in any court of record of a
21 State having general jurisdiction, or in any United
22 States district court, and jurisdiction is conferred upon
23 such district court to determine such controversies with-
24 out regard to the amount in controversy: *Provided*,
25 That no attachment, injunction, garnishment, or other

1 similar process, mesne or final, shall be issued against
2 the Administrator or his property;

3 (2) under regulations prescribed by him, assign or
4 sell at public or private sale, or otherwise dispose of
5 for cash or credit, in his discretion and upon such terms
6 and conditions and for such consideration as the Admin-
7 istrator shall determine to be reasonable, any evidence
8 of debt, contract, claim, personal property, or security
9 assigned to or held by him in connection with the pay-
10 ment of loans heretofore or hereafter granted under this
11 Act, and to collect or compromise all obligations assigned
12 to or held by him and all legal or equitable rights
13 accruing to him in connection with the payment of such
14 loans until such time as such obligation may be referred
15 to the Attorney General for suit or collection;

16 (3) deal with, complete, renovate, improve,
17 modernize, insure, or rent, or sell for cash or credit
18 upon such terms and conditions and for such considera-
19 tion as the Administrator shall determine to be reason-
20 able, any real property conveyed to or otherwise acquired
21 by him in connection with the payment of loans granted
22 under this Act;

23 (4) pursue to final collection, by way of compromise
24 or otherwise, all claims against third parties assigned
25 to the Administrator in connection with loans made

1 by him. This shall include authority to obtain de-
2 ficiency judgments or otherwise in the case of mort-
3 gages assigned to the Administrator. Section 3709 of
4 the Revised Statutes, as amended (41 U. S. C. 5), shall
5 not be construed to apply to any contract of hazard
6 insurance or to any purchase or contract for services or
7 supplies on account of property obtained by the Admin-
8 istrator as a result of loans made under this Act if the
9 premium therefor or the amount thereof does not exceed
10 \$1,000. The power to convey and to execute in the
11 name of the Administrator deeds of conveyance, deeds
12 of release, assignments and satisfactions of mortgages,
13 and any other written instrument relating to real
14 property or any interest therein heretofore or hereafter
15 acquired by the Administrator pursuant to the provisions
16 of this Act may be exercised by the Administrator or
17 by any officer or agent appointed by him without the
18 execution of any express delegation of power or power
19 of attorney. Nothing in this section shall be construed
20 to prevent the Administrator from delegating such power
21 by order or by power of attorney, in his discretion, to
22 any officer or agent he may appoint;

23 (5) acquire; in any lawful manner, any property
24 (real, personal, or mixed, tangible or intangible), when-
25 ever deemed necessary or appropriate to the conduct of

1 the activities authorized in section 7 (a) of this Act;
2 and

3 (6) in addition to any powers, functions, privileges,
4 and immunities otherwise vested in him, take any and
5 all actions determined by him to be necessary or desir-
6 able in making, servicing, compromising, modifying,
7 liquidating, or otherwise dealing with or realizing on
8 loans or advances made under the provisions of this Act.

9 (c) To such extent as he finds necessary to carry out
10 the provisions of this Act, the Administrator is hereby au-
11 thorized to procure the temporary (not in excess of one year)
12 service of experts or consultants or organizations thereof, in-
13 cluding stenographic reporting services, by contract or ap-
14 pointment, and in such cases such service shall be without
15 regard to the civil service and classification laws, and, except
16 in the case of stenographic reporting services by organizations,
17 without regard to section 3709, Revised Statutes, as amended
18 (41 U. S. C. 5).

19 SEC. 6. All moneys of the Administration not otherwise
20 employed may be deposited with the Treasurer of the United
21 States subject to check by authority of the Administration.
22 The Federal Reserve banks are authorized and directed to
23 act as depositaries, custodians, and fiscal agents for the Ad-
24 ministration in the general performance of its powers con-
25 ferred by this Act. Any banks insured by the Federal

1 Deposit Insurance Corporation when designated by the
2 Secretary of the Treasury, shall act as custodians, and finan-
3 cial agents for the Administration.

4 SEC. 7. The Administration is empowered—

5 (a) to make loans or advances to enable small busi-
6 ness concerns to finance plant construction, conversion,
7 or expansion, including the acquisition of land; or to
8 finance the acquisition of equipment, facilities, machin-
9 ery, supplies, or materials; or to supply such concerns
10 with working capital to be used in the manufacture of
11 articles, equipment, supplies, or materials for war, de-
12 fense, or essential civilian production or as may be neces-
13 sary to ensure a well-balanced national economy; and
14 such loans or advances may be made or effected either
15 directly or in cooperation with banks or other lending
16 institutions through agreements to participate on an
17 immediate or deferred basis: *Provided, however,* That
18 the foregoing powers shall be subject to the following
19 restrictions and limitations:

20 (i) No financial assistance shall be extended
21 pursuant to (a) above unless the financial assistance
22 applied for is not otherwise available on reason-
23 able terms and all loans made shall be of such sound
24 value or so secured as reasonably to assure repay-

1 ment; no participation may be purchased unless it is
2 shown that a deferred participation is not available;
3 and no loan may be made unless it is shown that a
4 participation is not available;

5 (ii) No loan or advance shall be granted under
6 this Act if the total amount outstanding and com-
7 mitted by participation to the borrower from the
8 revolving fund established by this Act would exceed
9 \$100,000, and no loan, including renewals or ex-
10 tensions thereof, may be made for a period or periods
11 exceeding ten years; except that any loan made for
12 the purpose of constructing industrial facilities may
13 have a maturity of ten years plus such additional
14 period as is estimated may be required to complete
15 such construction;

16 (iii) In agreements to participate in loans on a
17 deferred basis, such participations by the Admin-
18 istration shall not be in excess of 90 per centum of
19 the balance of the loan outstanding at the time of
20 disbursement.

21 (b) to enter into contracts with the United States
22 Government and any department, agency, or officer
23 thereof having procurement powers obligating the Ad-
24 ministration to furnish articles, equipment, supplies, or
25 materials to the Government;

(c) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

(d) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

SEC. 8. The Reconstruction Finance Corporation shall transmit requests for loans from small businesses received by

1 it after the date of enactment of this Act to the Administra-
2 tion for its consideration and possible action.

3 SEC. 9. In any case in which the Administration certi-
4 fies to any officer of the Government having procurement
5 powers that the Administration is competent to perform any
6 specific Government procurement contract to be let by any
7 such officer, such officer shall be authorized to let such pro-
8 curement contract to the Administration upon such terms and
9 conditions as may be agreed upon between the Administration
10 and the procurement officer.

11 SEC. 10. (a) Whoever makes any statement knowing it
12 to be false, or whoever willfully overvalues any security, for
13 the purpose of obtaining for himself or for any applicant any
14 loan, or extension thereof by renewal, deferment of action,
15 or otherwise, or the acceptance, release, or substitution of
16 security therefor, or for the purpose of influencing in any
17 way the action of the Administration, or for the purpose of
18 obtaining money, property, or anything of value, under this
19 Act, shall be punished by a fine of not more than \$5,000 or
20 by imprisonment for not more than two years, or both.

21 (b) Whoever, being connected in any capacity with the
22 Administration (A) embezzles, abstracts, purloins, or will-
23 fully misapplies any moneys, funds, securities, or other things
24 of value, whether belonging to it or pledged or otherwise
25 entrusted to it, or (B) with intent to defraud the Adminis-

1 tration or any other body politic or corporate, or any individ-
2 ual, or to deceive any officer, auditor, or examiner of the
3 Administration makes any false entry in any book, report, or
4 statement of or to the Administration, or, without being
5 duly authorized, draws any order or issues, puts forth, or
6 assigns any note, debenture, bond, or other obligation, or
7 draft, bill of exchange, mortgage, judgment, or decree
8 thereof, or (C) with intent to defraud participates, shares,
9 receives directly or indirectly any money, profit, property,
10 or benefit through any transaction, loan, commission, con-
11 tract, or any other act of the Administration, or (D) gives
12 any unauthorized information concerning any future action
13 or plan of the Administration which might affect the value
14 of securities, or, having such knowledge, invests or specu-
15 lates, directly or indirectly, in the securities or property of
16 any company or corporation receiving loans or other assist-
17 ance from the Administration shall be punished by a fine
18 of not more than \$10,000 or by imprisonment for not more
19 than five years, or both.

20 SEC. 11. It shall be the duty of the Administration and
21 it is hereby empowered, whenever it determines such action
22 is necessary—

23 (a) to make a complete inventory of all productive
24 facilities of small-business concerns which can be used for

1 war or defense production, or to arrange for such inven-
2 tory to be made by any other governmental agency which
3 has the facilities. In making any such inventory, the
4 appropriate agencies in the several States may be re-
5 quested to furnish an inventory of the productive facilities
6 of small-business concerns in each respective State if such
7 an inventory is available or in prospect; and

8 (b) to coordinate and to ascertain the means by
9 which the productive capacity of small-business concerns
10 can be most effectively utilized for war or defense
11 production.

12 SEC. 12. When directed by the President, it shall be the
13 duty of the Administration to consult and cooperate with
14 governmental departments and agencies in the issuance of all
15 orders or in the formulation of policy or policies in any way
16 affecting small-business concerns. When directed by the
17 President all such governmental departments or agencies are
18 required, before issuing such orders or announcing such
19 policy or policies, to consult and cooperate with the Admin-
20 istration in order that the interests of small-business enter-
21 prises may be recognized, protected, and preserved.

22 SEC. 13. The Administration shall have power, and it is
23 hereby directed, whenever it determines such action is
24 necessary—

25 (a) to consult and cooperate with officers of the

1 Government having procurement powers, in order to
2 utilize the potential productive capacity of plants oper-
3 ated by small-business concerns;

4 (b) to obtain information as to methods and prac-
5 tices which Government prime contractors utilize in
6 letting subcontracts and to take action to encourage the
7 letting of subcontracts by prime contractors to small-
8 business concerns at prices and on conditions and terms
9 which are fair and equitable;

10 (c) to determine within any industry the concerns,
11 firms, persons, corporations, partnerships, cooperatives,
12 or other business enterprises, which are to be designated
13 "small-business concerns" for the purpose of effectuat-
14 ing the provisions of this Act;

15 (d) to certify to Government procurement officers
16 with respect to the competency, as to capacity and
17 credit, of any small-business concern or group of such
18 concerns to perform a specific Government procurement
19 contract;

20 (e) to obtain from any Federal department, estab-
21 lishment, or agency engaged in procurement or in the
22 financing of procurement or production such reports
23 concerning the letting of contracts and subcontracts and
24 making of loans to business concerns as it may deem
25 pertinent in carrying out its functions under this Act;

1 (f) to obtain from suppliers of materials informa-
2 tion pertaining to the method of filling orders and the
3 bases for allocating their supply, whenever it appears
4 that any small business is unable to obtain materials
5 from its normal sources for war or defense production;

6 (g) to make studies and recommendations to the
7 appropriate Federal agencies to insure a fair and equi-
8 table share of materials, supplies, and equipment to
9 small-business concerns to effectuate war or defense
10 programs;

11 (h) to consult and cooperate with all Government
12 agencies for the purpose of insuring that small-business
13 concerns shall receive fair and reasonable treatment
14 from said agencies; and

15 (i) to establish such advisory boards and commit-
16 tees wholly representative of small business as may be
17 found necessary to achieve the purposes of this Act.

18 SEC. 14. In any case in which a small-business concern
19 or group of such concerns has been certified by or under the
20 authority of the Administration to be a competent Govern-
21 ment contractor with respect to capacity and credit as to a
22 specific Government procurement contract, the officers of the
23 Government having procurement powers are directed to ac-
24 cept such certification as conclusive, and are authorized to let

1 such Government procurement contract to such concern or
2 group of concerns without requiring it to meet any other
3 requirement with respect to capacity and credit.

4 SEC. 15. To effectuate the purposes of this Act, small-
5 business concerns within the meaning of this Act shall receive
6 any award or contract or any part thereof as to which it is
7 determined by the Administration and the contracting pro-
8 curement agency (A) to be in the interest of mobilizing the
9 Nation's full productive capacity, or (B) to be in the interest
10 of war or national defense programs.

11 SEC. 16. The Administration shall make a report every
12 six months of operations under this Act to the President,
13 the President of the Senate, and the Speaker of the House of
14 Representatives. Such report shall include the names of
15 the business concerns to whom contracts are let and for
16 whom financing is arranged by the Administration, together
17 with the amounts involved, and such report shall include
18 such other information and such comments and recommenda-
19 tions as the Administration may deem appropriate.

20 SEC. 17. The Administration is hereby empowered to
21 make studies of the effect of price, credit, and other controls
22 imposed under war or defense programs and wherever it
23 finds that these controls discriminate against or impose undue
24 hardship upon small business, to make recommendations to

1 the appropriate Federal agency for the adjustment of con-
2 trols to the needs of small business.

3 SEC. 18. (a) The President is authorized to consult
4 with representatives of small-business concerns with a view
5 to encouraging the making by such persons with the approval
6 by the President of voluntary agreements and programs to
7 further the objectives of this Act.

8 (b) No act or omission to act pursuant to this Act
9 which occurs while this Act is in effect, if requested by the
10 President pursuant to a voluntary agreement or program
11 approved under subsection (a) and found by the President
12 to be in the public interest as contributing to the national
13 defense shall be construed to be within the prohibition of the
14 antitrust laws or the Federal Trade Commission Act of the
15 United States. A copy of each such request intended to be
16 within the coverage of this section, and any modification or
17 withdrawal thereof, shall be furnished to the Attorney Gen-
18 eral and the Chairman of the Federal Trade Commission
19 when made, and it shall be published in the Federal Register
20 unless publication thereof would, in the opinion of the
21 President, endanger the national security.

22 (c) The authority granted in subsection (b) shall be
23 delegated only (1) to an official who shall for the purpose of

1 such delegation be required to be appointed by the President
2 by and with the advice and consent of the Senate, and
3 (2) upon the condition that such official consult with the
4 Attorney General and with the Chairman of the Federal
5 Trade Commission not less than ten days before making any
6 request or finding thereunder, and (3) upon the condition
7 that such official obtain the approval of the Attorney General
8 to any request thereunder before making the request.

9 (d) Upon withdrawal of any request or finding made
10 hereunder the provisions of this section shall not apply to any
11 subsequent act or omission to act by reason of such finding or
12 request.

13 SEC. 19. (a) The President may transfer to the Admin-
14 istration any functions, powers, and duties of any department
15 or agency which relate primarily to small-business problems.
16 In connection with any such transfer, the President may
17 provide for appropriate transfers of records, property, neces-
18 sary personnel, and unexpended balances of appropriations
19 and other funds available to the department or agency from
20 which the transfer is made.

21 (b) The President may also provide for such transfers
22 of records, property, and personnel from the Small Defense
23 Plants Administration, during the period of its liquidation, as

1 he considers appropriate to assist the Small Business Admin-
2 istration in carrying out its functions under this Act. The
3 Defense Production Act of 1950, as amended, is further
4 amended by the repeal of section 714 of that Act.

5 SEC. 20. No loan shall be made or equipment, facilities,
6 or services furnished by the Administration under this Act
7 to any business enterprise unless the owners, partners, or
8 officers of such business enterprise (1) certify to the Admin-
9 istration the names of any attorneys, agents, or other persons
10 engaged by or on behalf of such business enterprise for
11 the purpose of expediting applications made to the Ad-
12 ministration for assistance of any sort, and the fees paid or to
13 be paid to any such persons; (2) execute an agreement bind-
14 ing any such business enterprise for a period of two years
15 after any assistance is rendered by the Administration to such
16 business enterprise, to refrain from employing, tendering any
17 office or employment to, or retaining for professional services,
18 any person who, on the date such assistance or any part
19 thereof was rendered, or within one year prior thereto, shall
20 have served as an officer, attorney, agent, or employee of
21 the Administration occupying a position or engaging in activ-
22 ities which the Administration shall have determined involve
23 discretion with respect to the granting of assistance under
24 this Act; and (3) shall furnish the names of lending institu-

1 tions to which such business enterprise has applied for loans
2 together with dates, amounts, terms, and proof of refusal.

3 SEC. 21. To the fullest extent the Administration deems
4 practicable, it shall make a fair charge for the use of
5 Government-owned property and make and let contracts on
6 a basis that will result in a recovery of the direct costs
7 incurred by the Administration.

8 SEC. 22. There are hereby authorized to be appropriated
9 such sums as may be necessary and appropriate for the
10 carrying out of the provisions and purposes of this Act.

11 SEC. 23. If any provision of this Act, or the application
12 thereof to any person or circumstances, is held invalid, the
13 remainder of this Act, and the application of such provision
14 to other persons or circumstances, shall not be affected
15 thereby.

Passed the House of Representatives June 5, 1953.

Attest:

LYLE O. SNADER,

Clerk.

AN ACT

To create the Small Business Administration
and to preserve small business institutions
and free, competitive enterprise.

JUNE 8, 1953

Read twice and referred to the Committee on
Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 17, 1953
For actions of July 16, 1953
83rd-1st, No. 132

CONTENTS

Accounting.....9	Farm policy.....20	Nominations.....8
Appropriations.....4,24	Flood prevention.....24	Personnel.....3,9,25
Assistant Secretaries.....8	Food inspection.....2,26	Prices, meat.....4
Budgeting.....21	Foreign affairs.....23	Research.....28
Buildings.....18	Foreign aid.....4,33	Small business.....10
B.A.E.....19	Hawaii statehood.....32	Soil conservation.....24,28
Buy American Act.....30	Land condemnation.....12	Telephone service, rural.....28
Cattlemen.....29	Lands, public.....27	Trade, foreign.....6,15,30
Cotton.....15,17,19	Loans, farm.....1,13	Treaties.....22
Drought relief.....11	Housing.....14	Veterans' preference.....3,25
Electrification.....28,31	Meat packers.....16	Water conservation.....11
Expenditures.....21	Monetary policies.....7	Water rights.....12
FCA reorganization.....1		

HIGHLIGHTS: House passed FCA reorganization bill. Senate confirmed Davis, Short, and Arnold nominations. House passed food-drug inspection bill.

HOUSE

1. FCA REORGANIZATION. Passed as reported H. R. 4353, to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions (pp. 9258-67).
2. FOOD INSPECTION. Passed without amendment H. R. 5740, to restore the factory-inspection authority of the Food and Drug Administration (pp. 9239-58).
3. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 6185, to amend the Veterans' Preference Act of 1944 with respect to preference accorded in Federal employment to disabled veterans (H. Rept. 849)(p. 9271).
4. FOREIGN-AID APPROPRIATIONS. Received from the President a supplemental appropriation estimate of \$5,124,512,132 to carry out the Mutual Security Act of 1953 (H. Doc. 209)(p. 9271); to Appropriations Committee.
5. MEAT PRICES. Rep. Poff criticized the spread between producer and consumer prices of meat (p. 9236).
6. FOREIGN TRADE. Rep. Lane objected to efforts to curb imports (pp. 9236-7).
7. MONETARY POLICIES. Rep. Patman claimed the current policy is "hard-money, high-interest, hard-times" (pp. 9268-70).

SENATE

8. NOMINATIONS of John H. Davis and Romeo E. Short as Assistant Secretaries of Agriculture, and Carl Raymond Arnold as FCA Governor, were confirmed (pp. 9183, 9235).
9. ACCOUNTING. The Government Operations Committee reported without amendment H. R. 5228, to provide annuities for retired Comptrollers General (S.Rept. 594) (p. 9184).
10. SMALL BUSINESS. The Banking and Currency Committee ordered reported (but did not actually report) with amendments S. 1523, to create a Small Business Administration (p. D716).
11. DROUGHT RELIEF; WATER CONSERVATION. Sen. Johnson inserted two newspaper editorials discussing Texas' need for conservation and proper distribution of its water, and an editorial favoring drought aid (pp. 9157-8).
12. LAND CONDEMNATION. Discussed and, at Sen. Hendrickson's request, passed over S. 1857, relating to condemnation of lands affecting water rights (p. 9197).
13. FUR LOANS. Discussed and, at Sen. Williams' and Sen. Langer's requests, passed over S. 1152, to extend for 5 years the authority of USDA to make loans to fur farmers (pp. 9198, 9202).
14. HOUSING LOANS. Received from this Department a proposed bill to continue the authority under Title V of the Housing Act of 1949; to Banking and Currency Committee (p. 9184).

BILLS INTRODUCED

15. COTTON IMPORTS. S. 2402, by Sen. Gore, providing that cotton presented for entry into the U. S. be classified by the Department of Agriculture; to Finance Committee (p. 9185).
16. MEAT PACKERS. S. 2404, by Sen. Dworshak, to authorize the Secretary of Agriculture to require reasonable bonds from packers; to Agriculture and Forestry Committee (p. 9185).
17. COTTON QUOTAS. H. R. 6337, by Rep. Abernethy, and H. R. 6338, by Rep. Jones, Mo., to amend the marketing-quota law for cotton; to Agriculture Committee (p. 9272).
- by Rep. McGregor,
18. BUILDINGS. H. R. 6342, to amend the Public Buildings Act of 1949 to authorize GSA to acquire title to real property and to provide for construction thereon of certain buildings by executing purchase contracts; to Public Works Committee (p. 9272).

ITEMS IN APPENDIX

19. COTTON. Extension of remarks of Rep. Hagen, Calif., favoring a greater cotton quota for Calif. and including BAE statistics showing that Calif. has a larger percentage of small land ownerships than 16 Southern States (p. A4635).
20. FARM POLICY. Rep. Hope inserted John H. Davis' speech before the American Seed Trade Assn. discussing farm policy (pp. A4632-5).
21. BUDGETING; EXPENDITURES. Rep. Coudert inserted a newspaper editorial criticizing Government "waste and extravagance" and favoring legislation to limit spending to anticipated income (p. A4637).

-3-

SENATE - July 17

14. FCA REORGANIZATION. The Agriculture and Forestry Committee reported with amendments S. 1505, to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; and to impose a franchise tax upon certain farm credit institutions (S. Rept. 600)(p. 9274).
15. FUR LOANS. Began debate on S. 1152, to extend for 5 years the authority of USDA to make emergency loans to fur farmers (pp. 9309-18).
16. WATER CONSERVATION. The Public Works Committee reported with amendments S. 2094, to facilitate the development and construction of water conservation facilities by States and municipalities (S. Rept. 599)(p. 9274).
Passed as reported S. 1197, to authorize Nebr., S. Dak., and Iyo. to negotiate a compact for division of Mobrara River waters (pp. 9287-8).
17. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 5969, the defense appropriation bill for 1954 (S. Rept. 601)(p. 9274).
18. COMMITTEES. Received a report from each Senate committee on its personnel and funds (pp. 9274-80).
19. TREATIES. Sen. Wiley inserted a second report by the N. Y. State Bar Association opposing the Ericker resolution to limit treaty powers (pp. 9307-9).
20. RECESSED until Mon., July 20 (p. 9428). LEGISLATIVE PROGRAM as announced by Sen. Knowland: Mon., rubber-plant sales and perhaps Small Business Administration; Wed. and remainder of week, defense appropriation bill (p. 9274).

SENATE - July 18

21. FUR LOANS. Passed as reported S. 1152, to extend for 5 years the Department's authority to make emergency loans to fur farmers but to limit the authority to the making of supplemental loans to existing borrowers (pp. 9380, 9387-95).
22. PERSONNEL. Passed without amendment H. R. 1571, to permit appointment of Federal or Territorial employees to the Alaska Game Commission if no others are available (p. 9407). This bill will now be sent to the President.
Discussed and passed over H. R. 5228, to provide annuities for retired Comptrollers General (p. 9413).
23. SMALL BUSINESS. The Banking and Currency Committee reported with amendments S. 1523, to create a Small Business Administration (S. Rept. 604)(p. 9373).
24. IMMIGRATION. The Judiciary Committee ordered reported (but did not actually report) S. 1917, to admit certain refugees, etc. (p. D732).
25. RUBBER. Made S. 2047, providing for sale of Government rubber plants, the unfinished business(pp. 9395-8, 9417).
26. COTTON QUOTAS. Sen. Anderson inserted and discussed several amendments which he intends to propose to his bill, S. 2183, to amend the cotton marketing quotas law. The amendments would remove from the 1% national reserve farmers who have been established between 1947 and 1952 and provide for popular referenda either every year or every three years (pp. 9375-6.)
27. PUBLIC LANDS. Passed as reported H. R. 1802, relative to leasing Alaskan lands

which have been reserved for educational purposes and have been found to contain minerals (pp. 9403-4).

Passed without amendment H. R. 1308, to amend the Color of Title Act relating to public land patents (pp. 9407, 9416-7). This bill will now be sent to the President.

Passed as reported S. 1397, to clarify the status of mining claims in areas held under an oil and gas prospecting permit or lease (pp. 9411-3).

28. RECLAMATION. Passed as reported S. 887, to permit the exchange and amendment of farm units on Federal irrigation projects (pp. 9401-3).

Passed as reported S. 727, to provide for cost adjustments on the Deaver, Willwood, and Belle Fourche projects (p. 9400).

Passed as reported S. 1433, to extend certain benefits of the Reclamation Project Act to the Arch Hurley district, N. Mex. (p. 9401).

29. WHEAT BLENDING. Passed with amendments S. 2137, to prohibit the blending of wheat imported as unfit for human consumption with wheat suitable for human consumption (pp. 9398-400). Agreed to a Young-Anderson amendment providing that, in addition to fine and imprisonment specified in the bill, a violator shall be fined for each bushel of wheat and each 43 pounds of flour by an amount equal to the duty on a bushel of wheat fit for human consumption, and by making the bill applicable to all wheat classified under the Tariff Act as wheat unfit for human consumption (p. 9399). Also agreed to a Smathers amendment providing for easier conviction of violators (pp. 9399-400).

30. BANKING AND CURRENCY. Sen. Morse criticized the "hard money" policy (pp. 9420-8).

31. DROUGHT RELIEF. Sen. Aiken inserted an Okla. Cattlemen's Assn. resolution recommending a meat-purchase program (p. 9372).

32. EXPENDITURES. Sen. Wiley inserted a Meenah (Wis.) Kiwanis resolution favoring economy in Government expenditures (pp. 9372-3).

33. RECESSED until Mon., July 20 (p. 9428).

BILLS INTRODUCED

34. VETERANS' BENEFITS. S. 2406, by Sen. Smith, to amend the Veterans' Readjustment Assistance Act of 1952 to provide for an educational cost grant to institutions of higher learning, and for other purposes; to Labor and Public Welfare Committee (p. 9280). Remarks of author (p. 9281).

H. R. 6376, by Rep. Springer, to amend the Veterans' Readjustment Assistance Act of 1952 to provide for an educational cost grant to institutions of higher learning, and for other purposes; to Veterans' Affairs Committee.

35. COTTON IMPORTS. S. 2412, by Sen. Gore, provides that the length of staple of cotton presented for entry into the United States be determined in accordance with the official standards of the United States as established by the Secretary of Agriculture, to Finance Committee. (p. 9280).

36. MINERALS. H. R. 6371, by Rep. Harrison of Wyoming, to amend section 17 of the Mineral Leasing Act of February 25, 1920, as amended; to Interior and Insular Affairs Committee (p. 9368).

ESTABLISHMENT OF SMALL BUSINESS
ADMINISTRATION AND LIQUIDATION OF
RECONSTRUCTION FINANCE CORPORATION

REPORT

FROM THE

COMMITTEE ON BANKING AND CURRENCY

TO ACCOMPANY

S. 1523

A BILL TO DISSOLVE THE RECONSTRUCTION
FINANCE CORPORATION, TO ESTABLISH THE
SMALL BUSINESS ADMINISTRATION, AND FOR
OTHER PURPOSES



JULY 18 (legislative day, JULY 6), 1953.—Ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1953

COMMITTEE ON BANKING AND CURRENCY

HOMER E. CAPEHART, Indiana, *Chairman*

JOHN W. BRICKER, Ohio
IRVING M. IVES, New York
WALLACE F. BENNETT, Utah
PRESCOTT BUSH, Connecticut
J. GLENN BEALL, Maryland
FREDERICK G. PAYNE, Maine
BARRY GOLDWATER, Arizona

BURNET R. MAYBANK, South Carolina
J. WILLIAM FULBRIGHT, Arkansas
A. WILLIS ROBERTSON, Virginia
JOHN SPARKMAN, Alabama
J. ALLEN FREAR, Jr., Delaware
PAUL H. DOUGLAS, Illinois
HERBERT H. LEHMAN, New York

IRA DIXON, *Chief Clerk*

RAY S. DONALDSON, *Staff Director*

WILLIAM F. MCKENNA, *Counsel*

CONTENTS

	Page
Purpose	1
General statement	1
I. Small Business Administration	1
II. Reconstruction Finance Corporation	4
Major differences between H. R. 5141, as passed by the House, and S. 1523, as reported	5
1. Revolving fund	5
2. Loan Policy Board	5
3. Loan limitation	6
4. Disaster loans	6
5. Fiscal agent	7
6. Review by the Congress of the activities of the Small Business Administration	7
7. Reconstruction Finance Corporation	7
Conclusion	8
Sectional analysis of S. 1523, as reported	9
Changes in existing law	14

ESTABLISHMENT OF SMALL BUSINESS ADMINISTRATION
AND LIQUIDATION OF RECONSTRUCTION FINANCE
CORPORATION

JULY 18 (legislative day, JULY 6), 1953.—Ordered to be printed

Mr. CAPEHART, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany S. 1523]

The Committee on Banking and Currency to whom was referred the bill (S. 1523) to dissolve the Reconstruction Finance Corporation, to establish the Small Business Administration, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

PURPOSE

The purpose of this bill is twofold. It establishes as an independent agency the Small Business Administration to assist small business, to make loans to small business, and to make disaster loans. It provides for the termination of the Reconstruction Finance Corporation and the transfer to other Federal agencies of certain of its functions deemed still to be in the public interest.

After July 31, 1953, the functions of the Small Defense Plants Administration will be assumed by the newly created Small Business Administration.

This bill has the full approval of the present administration and is in accord with the program of the President.

GENERAL STATEMENT

I. SMALL BUSINESS ADMINISTRATION

Your committee recognizes that small and independent business is an essential element of free, American, competitive enterprise. While in this as in all other fields, primary reliance should be placed upon individual initiative and private enterprise, the Congress cannot

lose sight of the fact that in some areas Federal machinery is still required to enable small business to play its full part in the American economic system.

The opportunity for small business to develop and make its maximum contribution to the national economy is an expressed aim of the administration.

It is only through full and free competition that the opportunities for expression and growth of personal initiative and individual judgment can be assured. The existence of a healthy economic climate for small business and the opportunity for its expansion constitute the best safeguards against the evils of monopoly and the best assurance for the security of our Nation, as well as the best means of assuring that consumers receive a quality product at a fair price.

Present Federal assistance to small business is limited primarily to enabling it to make its maximum contribution to the defense effort during the current emergency. After extended hearings, your committee is of the opinion that such assistance is not tailored to meet the most pressing current needs of small business as to matters within the primary jurisdiction of your committee. This bill is designed to adjust the present Federal program of small business assistance in order to help small business achieve its maximum development under current conditions. Your committee gave considerable thought to the advisability of shrinking the scope of present Federal organizations operating in the small business field in order to meet the present requirements of small business. However, it is the best judgment of your committee that a more effective program for small business assistance at less cost to the taxpayers can be achieved by creating a new agency of the Federal Government possessing the exact authority required to assist small business in making its full contribution to the national economic system.

Your committee held extensive hearings on eight different bills, each of which had as its purpose the rendering of appropriate assistance to small business. These hearings were held on May 20, 21, 22, 25, 26, and 27, and on July 13 and 14, 1953. Your committee received the benefit of the views of many witnesses, both governmental and nongovernmental. Not all witnesses had the same ideas as to what particular type of legislation would best serve small business. There was divergence of opinion even among your committee members as to the most effective approach to provide financial assistance to small business. However, upon deliberation, the sentiment of your committee crystallized in favor of the approach adopted in this bill as best meeting the current needs of small business.

The present bill provides a 2-year period for the Small Business Administration to carry out the purposes expressed in the legislation. During that time it is the intention of your committee to give continuing consideration to this problem and to observe the operations of the agency created by this bill to determine whether the program here established fully meets the needs of small business.

In this bill your committee has attempted to assure that small business will be given the requisite help without interfering with the operation of private institutions likewise rendering service in this field. To that end the lending functions of the Small Business Administration are limited in such a manner as to encourage small business

to seek financial aid first from private institutions. When such aid is not forthcoming, the bill enables small business to receive aid through loans participated in by private institutions with the Federal Government. Finally, it is only when funds for small business are not available from private institutions that the bill provides authority for direct loans by the Federal Government. Such direct loans are authorized only when they are in the public interest.

The Government's share in any loan is limited to the amount of \$200,000 to any single borrower on the theory that this limit is sufficient to provide the true needs of small business for Federal assistance when such assistance is not otherwise available. Maturities of such loans may run for as long as 10 years, except for the purpose of constructing industrial facilities. In the latter case the maturity may be extended beyond 10 years by the additional period required for construction.

Authority of the Small Business Administration to participate with private institutions in a loan on a deferred basis is limited to 90 percent of the outstanding balance of the loan. This is to assure that the private institution will give careful consideration to the advisability of making the loan by reason of the risk to be assumed by the private lender.

In order to guide the Small Business Administration in its lending functions, the bill creates a Small Business Loan Policy Board consisting of the Administrator, as Chairman, and the Secretary of the Treasury and the Secretary of Commerce as additional members.

The bill authorizes the creation of a revolving fund in the United States Treasury in the total amount of \$275 million. Of this sum, \$150 million is earmarked for loans to small business. An additional \$25 million is earmarked for disaster loans. Finally, \$100 million is earmarked for the purpose of enabling the Small Business Administration to take prime contracts from the Government and subcontract them to small-business concerns for performance.

The authority for the Small Business Administration to act as a prime contractor for the Government is similar to that exercised by the Small Defense Plants Administration. In the past such authority has not been exercised extensively but has proven to be a tool which can be used to benefit small business.

Among the other powers granted the agency are the following:

1. authority to certify to Government procurement officers as to the credit and capacity of small-business concerns to undertake a specific Government procurement contract;
2. authority to consult and cooperate with Government procurement officials in order to obtain the full use of the productive capacity of small business;
3. authority to encourage the letting of subcontracts to small business by prime contractors having Government contracts;
4. authority to obtain from material suppliers information as to the method used in distributing materials for defense production to small-business concerns unable to obtain them from normal sources;
5. authority to recommend to Federal agencies measures to insure a fair and equitable share of materials for small-business concerns to carry out defense programs;

6. authority to make a complete inventory of the productive facilities of small-business concerns usable for defense production; and

7. authority to provide technical and managerial aids to small business.

To avoid duplication and waste of effort and expense, your committee expects the Small Business Administration to utilize to the fullest extent the services provided by existing agencies of the Federal Government. It is not intended that the Small Business Administration use the powers granted by this bill in such a manner as to duplicate the services provided by other Federal agencies.

The bill contains a definition of a small-business concern. It is expected by your committee that this definition will be interpreted to include producers of strategic minerals and metals who meet the criteria of the definition.

This bill concentrates in one independent agency of the Federal Government the responsibility for administering programs to stimulate the development of small business. It is intended that this agency shall operate in such a manner as to afford small business equality of opportunity with other business enterprises.

Authority to make disaster loans is also vested in the Small Business Administration. These loans are presently authorized to be made by the Reconstruction Finance Corporation. However, with the termination of that Corporation, it becomes necessary to find another agency of the Federal Government best equipped to handle the disaster-loan program. In the opinion of your committee, the Small Business Administration created by this bill constitutes the appropriate and best equipped agency to administer such a program. Disaster loans are usually small in amount and most of them are made to individuals, nonprofit institutions, or small-business enterprises. This program will provide a source of financial aid for victims of floods or other catastrophes who need such aid.

II. RECONSTRUCTION FINANCE CORPORATION

With the establishment of a Small Business Administration to render financial assistance to small-business enterprises, the principal need for the continuation of the Reconstruction Finance Corporation no longer exists. To continue that Corporation would entail unnecessary duplication of effort and expense.

Specific provision is contained in the bill for transfer to the Secretary of the Treasury of the duties performed by the Reconstruction Finance Corporation under section 409 of the Federal Civil Defense Act of 1950.

Certain other functions performed by the Corporation are to be transferred under the provisions of the bill to such other department or agency of the Government as the President deems appropriate. These include the tin, rubber, and abaca programs and defense loan program under section 302 of the Defense Production Act of 1950, as amended. The continuation of these functions is desirable in the public interest.

The remaining functions of the Corporation will be liquidated by the Reconstruction Finance Corporation up to the close of business on June 30, 1954, and thereafter by the Secretary of the Treasury.

Your committee recognizes that a reasonable period of time will be required to place the Small Business Administration in operating condition insofar as its lending functions are concerned. Therefore, the bill provides that the Reconstruction Finance Corporation may continue its lending functions for 60 days after the passage of this bill.

MAJOR DIFFERENCES BETWEEN H. R. 5141, AS PASSED BY THE HOUSE,
AND S. 1523, AS REPORTED

On two occasions the House passed a bill containing provisions identical with those contained in H. R. 5141. On June 5, 1953, the House adopted H. R. 5141, introduced by Congressman Hill, of Colorado. Again on June 9, 1953, the House added the identical context of that bill to S. 1081, as a new title II.

The bill recommended by your committee is similar generally to the bill twice approved by the House. It differs only in the following major respects.

1. Revolving fund

Instead of a \$250 million revolving fund in the United States Treasury, as provided under section 4 (b) of the Hill bill, this bill in section 204 (b) authorizes a revolving fund of \$275 million. The increase was required because the disaster loan program is included in the bill reported by your committee; \$25 million of the authorized revolving fund is earmarked specifically for the purpose of making disaster loans.

2. Loan policy board

Section 4 (d) of H. R. 5141 establishes a Small Business Advisory Board composed of the Secretary of the Treasury, as Chairman, the Secretary of Commerce, and the Administrator of the Small Business Administration. While retaining the same membership, your committee's bill, in section 204 (d), creates a Small Business Loan Policy Board and designates the Administrator of the Small Business Administration as Chairman. During the debate on the conference report on S. 1081, protest was voiced by some members of this body against the provision in H. R. 5141 which named the Secretary of the Treasury as Chairman of the Board. Those Senators doubted the wisdom of such a provision. Your committee recognizes that this objection is not without some merit. Consequently, it has changed the provision by designating the Administrator as Chairman of the Board. The modification of that provision in H. R. 5141 in this respect should satisfy completely all of those who raised the objection.

H. R. 5141 permits each of the Cabinet members of the Board to designate an officer in his respective department, appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Board. The bill recommended by your committee deletes this provision. It is the opinion of your committee that the nature of the duties to be performed by the Secretary of the Treasury and the Secretary of Commerce as members of the Loan Policy Board is of such importance as to require the personal consideration of each of those Cabinet officers.

Under section 4 (d) of H. R. 5141 the Board is charged with establishing general policies governing all activities of the Small Business Administration, reviewing its operations and coordinating

its functions with other Federal activities. Section 204 (d) of your committee's bill limits the Board's authority to establishing general lending policies of the Small Business Administration. Under the bill these lending policies must be consistent with the public interest. Moreover, they must be established with reference to the coordination of the lending functions of the Small Business Administration with other activities and policies of the Federal Government. During the debate on the conference report on S. 1081, strong objection was registered by some Senators to the provision in H. R. 5141 which directed the Board to establish general policies to govern the Small Business Administration in carrying out the powers, duties, and authority conferred upon it by that bill. These protestants contended that, with such sweeping general policy making powers, the other two members of the Board could, if they wished, constantly overrule the Administrator. This, they claimed, was incompatible with other provisions of the bill that vested the management of the Small Business Administration in the Administrator. Moreover, they were of the opinion that such a provision would make the position of the Administrator untenable. The modification as recommended by your committee fully answers this fear in every respect.

It should be noted that the language used in section 204 (d) of the committee bill relative to the Board's establishing general lending policies, which policies must be in the public interest, is identical, except for the use of the word "Administration" in place of the word "Corporation" to the language in section 6, Reconstruction Finance Corporation Reorganization Plan No. 1 of 1951.

3. Loan limitation

Section 7 (a) (ii) of H. R. 5141 sets a limit of \$100,000 on any loan outstanding or committed by participation to a borrower from the revolving fund established under the bill. Section 207 (a) (2) of the bill recommended by your committee increases this loan limit to \$200,000 outstanding, undisbursed and representing the Small Business Administration's share in a deferred participation, to a single borrower.

During the hearings before your committee and during the debate on the conference report on S. 1081, sincere doubt was expressed with respect to the adequacy of the loan limitation of \$100,000 to a single borrower. After continued study of the matter and further consultation with experts on small business needs, your committee concluded that this doubt is reasonable and real. Therefore, it has increased the loan limitation to a single borrower to \$200,000. Such sum is the maximum amount that a single borrower may be indebted to the Small Business Administration, whether the loan is on a direct basis, or on an immediate or deferred participation basis, or is on the basis of a combination of any of these bases.

4. Disaster loans

No provision is contained in H. R. 5141 to authorize disaster loans. Section 204 (b) of your committee's bill permits use of up to \$25 million from the revolving fund in the Treasury for making disaster loans. Section 207 (b) authorizes appropriate loans to unfortunate victims of floods or other catastrophes in accordance with the general policies prescribed by the Loan Policy Board. The maturity of such

loans is limited to 10 years except that disaster loans for the acquisition or construction of homes may have a maturity not exceeding 20 years.

5. *Fiscal agent*

Section 6 of H. R. 5141 and section 206 of your committee's bill authorize and direct Federal Reserve banks to act as depositaries, custodians, and fiscal agents for the Small Business Administration. Your committee's bill provides expressly that, when acting as such fiscal agent, any Federal Reserve bank shall be entitled to reimbursement for all expenses incurred by it in that capacity.

It is not expected that as fiscal agents for the Small Business Administration, Federal Reserve banks shall be required to make recommendations regarding loan applications or perform other acts requiring the exercise of judgment as to whether loans should be made on behalf of the Small Business Administration.

6. *Review by the Congress of the Activities of the Small Business Administration*

H. R. 5141 establishes the Small Business Administration as a permanent agency. Your committee's bill provides a 2-year period or until the close of June 30, 1955, for the Small Business Administration to perform the functions and carry out the expressed purposes of the legislation. This is to assure a full and complete review by the Congress of the activities of the Small Business Administration in order that the Congress may determine from actual performance whether the programs here established fully meet the needs of small business. During such period of time, your committee will give continued attention to the needs of small business. It will observe closely the operations of the Small Business Administration. As a result of its continued study of the needs of small business and its observation of the operations of the Small Business Administration, it will be able to determine at that time whether the programs contained in this legislation and the actual operation of these programs meet the then existing needs of small business.

7. *Reconstruction Finance Corporation*

Section 8 of H. R. 5141 requires the Reconstruction Finance Corporation to transmit to the Small Business Administration for consideration and possible action small business loan requests received by the Reconstruction Finance Corporation after the enactment of that bill. No further reference is made to the Reconstruction Finance Corporation in that bill.

Title I of your committee's bill permits the Reconstruction Finance Corporation to continue to receive, process, and approve or decline loan applications received from small-business concerns for a period of 60 days following the enactment of the bill. During that period of time, the Reconstruction Finance Corporation is also authorized to carry on all other functions it is presently authorized to perform.

At the expiration of the 60th day from the enactment of this legislation, the only corporate power of the Reconstruction Finance Corporation which will be terminated is its lending power. All of the other corporate powers which the Reconstruction Finance Corporation has under section 3 and other sections of the Reconstruction Finance Corporation Act, as amended, will continue. As stated, however, the

power which the Corporation has under section 9 to "liquidate its assets and wind up its affairs" will come into play.

Your committee has not otherwise amended the Reconstruction Finance Corporation Act because it is of the opinion that under present law the Reconstruction Finance Corporation has the corporate power and its Administrator has the authority to do all things necessary or appropriate to facilitate its orderly and efficient liquidation, including the power to sell or otherwise dispose of its assets and make disbursements in connection with the liquidation.

After the expiration of 60 days from the date of enactment of this bill, the Reconstruction Finance Corporation is to undertake the liquidation of all of its activities except those which existing law or this bill permit to be transferred elsewhere. The Reconstruction Finance Corporation is to continue its liquidation functions through the close of business on June 30, 1954. Thereafter, the Secretary of the Treasury succeeds to the powers of the Reconstruction Finance Corporation to liquidate its activities.

As previously noted in this report, the bill reported by your committee provides for the transfer of certain specific functions of the Reconstruction Finance Corporation to other Federal agencies. Under existing law the Reconstruction Finance Corporation is presently performing certain activities by virtue of designation by the President. It is expected that the President will designate other Federal agencies to carry on these functions after the termination of the Reconstruction Finance Corporation's operating authority.

The Reconstruction Finance Corporation's functions not transferred elsewhere under this bill or under existing law are to be liquidated. Among these functions scheduled for liquidation are the Reconstruction Finance Corporation's authority to make loans to business enterprises, financial institutions, insurance companies, and public bodies, as well as the liquidating activities currently carried on by the Reconstruction Finance Corporation in connection with certain World War II programs. In the opinion of your committee there is currently no need for a Federal agency to possess authority to continue these functions on an operating, as distinguished from a liquidating, basis. For that reason the bill recommended by your committee provides for the dissolution of the Reconstruction Finance Corporation on June 30, 1954.

CONCLUSIONS

Your committee believes that the programs established by this bill best meet the present needs of small business. This conclusion was reached after extensive hearings and lengthy deliberation. It represents the composite views of 13 of the 15 members of your committee. The bill meets all objections raised on the Senate floor when the conference report on S. 1081, the Defense Production Act amendments of 1953, was being debated.

With the establishment of this new agency to assure proper treatment of small business concerns, it is the opinion of your committee that the Reconstruction Finance Corporation is no longer needed and may be placed in liquidation. Creation of the Small Business Administration will also make unnecessary further continuation of the Small Defense Plants Administration.

Your committee realizes that action on this vital matter must be taken by July 31, 1953, else the small-business community will lose the services of any agency created for the primary purpose of being of assistance to small business concerns.

Your committee, therefore, recommends immediate passage of the bill.

SECTIONAL ANALYSIS OF S. 1523 AS REPORTED BY YOUR COMMITTEE

TITLE I

Section 101.—Title—Reconstruction Finance Corporation Liquidation Act.

Section 102 (a).—Ends succession of RFC on June 30, 1954, instead of June 30, 1956, as present law provides.

Section 102 (b).—Ends RFC power to make RFC loans on 60th day after passage of bill, instead of June 30, 1954, as present law provides.

Section 102 (c).—Liquidation of RFC to be carried out first by RFC and then by Secretary of Treasury, as provided in sections 9 and 10 of present RFC Act.

Section 102 (d).—To perform functions given him by this bill, Secretary of Treasury may use RFC funds made available in appropriation acts for administrative expenses. Excludes sums transferred to other Government agencies. Activities of Secretary of Treasury in liquidating RFC and operating RFC programs transferred to him for that purpose are subject to Government Corporation Control Act.

Section 103.—Leaves in the tin statute the provision empowering President to designate a Federal agency to carry on the tin program.

Section 104.—Transfers to Secretary of Treasury authority of RFC under Federal Civil Defense Act of 1950 to make loans for civil defense projects upon certificate from Federal Civil Defense Administrator up to total of \$250 million outstanding at any one time.

Section 105.—No action against RFC to abate because of termination of RFC. Court may on showing of necessity within 12 months after RFC's termination allow action to be maintained against Federal agency succeeding RFC in performing function involved in action.

Section 106 (a).—RFC Administrator to make full report to Congress upon termination of RFC.

Section 106 (b).—Secretary of Treasury to make quarterly reports to Congress while liquidating RFC affairs.

TITLE II

Section 201.—Title—Small Business Act of 1953.

Section 202.—Declaration of policy—Free competition is the essence of private enterprise. Only thus can free markets, entry into business, and chance for growth of personal initiative and judgment be assured. Security and economy of Nation require preservation and expansion of competition and encouragement and development of capacity of small business. Policy of Congress is that Government shall aid and protect small business interests to preserve free competitive enterprise, insure that a fair share of Government contracts go to small business and maintain national economy. Policy of Congress is that Government aid unfortunate victims of floods or other catastrophes.

Section 203.—Defines small business concern—one independently owned and operated, not dominant in its field. Among other criteria, Administration may consider number of employees and dollar volume of business.

Section 204 (a).—Creates Small Business Administration under direction of President and not affiliated with or within any other Federal agency or department. Principal office in the District of Columbia. Branches may be elsewhere in United States.

Section 204 (b).—Authorizes appropriation of \$275 million to a revolving fund in the United States Treasury. SBA can obtain advances from this fund upon request for use in making loans to small business and disaster victims, in taking prime contracts from United States and subcontracting them to small business for performance. Limitations earmarked as follows: \$150 million for loans to small business; \$25 million for disaster loans; and \$100 million for taking and subletting prime contracts. SBA to pay Treasury interest on funds used.

Section 204 (c).—Administrator to manage SBA. Administrator appointed from civilian life by President subject to Senate confirmation. Administrator to be person of outstanding qualifications, known to be familiar and sympathetic with small business needs and problems. Compensation \$17,500 per annum. Administrator not to engage in any other business than performing duties now or later given him. Administrator may appoint three Deputy Administrators at salaries of \$15,000 per annum each.

Section 204 (d).—Creates Loan Policy Board of SBA with Administrator as Chairman and Secretaries of Treasury and Commerce as other members. Board to establish general policies for granting or denial of loan applications, with particular reference to public interest and coordination of SBA functions with other activities and policies of the Government.

Section 205 (a).—SBA authorized to adopt seal. SBA authorized under civil service and classification laws to hire and pay officers, employees, attorneys, and agents necessary to carry out SBA functions. SBA may define and authorize their duties and require bonds. With consent of head of agency, SBA shall use information, services, facilities, officers, and employees of any Federal agency on reimbursable basis, where applicable.

Section 205 (b).—In performing duties, Administrator may (1) sue and be sued in State or Federal courts, but no attachment, injunction, garnishment, or other similar process may be issued against the Administrator or his property; (2) sue or otherwise dispose of for cash or credit collateral taken by SBA in connection with loans, and collect or compromise obligations assigned to or held by Administrator and all rights accruing to him in connection with payment of loans until the obligation is referred to the Attorney General for suit or collection; (3) handle or sell for cash or credit any real property acquired by Administrator in connection with payment of loans; (4) collect or compromise all claims against third parties assigned to Administrator in connection with loans. Includes power to obtain deficiency judgments in case of mortgages. Advertisement requirements of section 3709, Revised Statutes, not applicable to hazard insurance or purchase of supplies for property obtained by Administrator as result of loans, if premium or amount is not over \$1,000. Administrator empowered

to convey title and sign other necessary instruments relating to real property acquired by him. Officer or agent appointed by him may do likewise with or without express delegation of power; (5) acquire any property appropriate to carrying out his loan or contract functions; (6) make necessary rules and regulations; and (7) take all actions desirable to make, service, compromise, modify, liquidate or otherwise deal in loans made by SBA.

Section 205 (c).—Administrator authorized to obtain temporary services not exceeding 6 months of experts, consultants, or organizations of same without regard to civil-service and classification laws, and without advertisement under section 3709, Revised Statutes. Stenographic reporting services may be similarly obtained pursuant to advertisement.

Section 205 (d).—Administrator may determine character of SBA expenditures and obligations, subject to laws governing Government corporations.

Section 206 (a).—SBA funds may be deposited with United States Treasurer subject to SBA action. Federal Reserve banks directed to act as depositaries, custodians, and fiscal agents for SBA. Upon designation of Secretary of Treasury, banks insured by FDIC shall act as custodians and financial agents for SBA. Federal Reserve banks entitled to reimbursement as fiscal agents.

Section 206 (b).—Administrator to contribute to civil-service retirement and disability fund and employees compensation fund for SBA benefits from such funds.

Section 207.—SBA is empowered—

(a) To make loans to small business concerns for construction or converting plants, including acquisition of land; acquiring equipment, facilities, machinery, supplies, or materials; and obtaining working capital for manufacturing purposes for war, defense, or essential civilian production; or as necessary to insure a well-balanced national economy. Loans may be made directly or in participation with private lending institutions on immediate or deferred basis. Lending powers of SBA are subject to following restrictions:

(1) No loan may be made unless financial assistance not otherwise available on reasonable terms; all loans to be of such sound value or so secured as to reasonably assure repayment; no immediate participation loans unless deferred participation loan is not available; and no direct loan may be made unless participation loan is not available;

(2) Loan to any single borrower cannot exceed \$200,000, including disbursed and undisbursed loans and SBA's share of participation loans. Maturity limit of 10 years prescribed, except loans for construction of industrial facilities may have additional period estimated sufficient to complete construction;

(3) SBA's authority to make deferred participation loans is limited to 90 percent of outstanding balance at time of disbursement;

(b) SBA may make loans to unfortunate victims of flood or other catastrophes under general policies fixed by Loan Policy Board. Maturity limit of 10 years is prescribed, except loans for acquiring or constructing a home to be occupied by borrower have a 20-year maturity limit;

(c) Act as prime contractor on Government contracts;

(d) Subcontract such prime contracts to small business concerns or others for performance, or for management services necessary to enable SBA to perform prime contract; and

(e) To provide technical and managerial aids to small business concerns.

Section 208.—SBA can certify to Government procurement officer that SBA is competent to perform any specific procurement contract. Then procurement officer is authorized to let the contract to SBA on terms and conditions mutually agreed upon.

Section 209 (a).—Known false statement or willful overvaluation of security to influence SBA is subject to fine up to \$5,000 or imprisonment up to 2 years, or both.

Section 209 (b).—Anyone connected with SBA who embezzles or willfully misapplies anything of value or with intent to defraud, makes false entries or draws orders or issues or assigns obligations, or receives money because of any SBA transaction, or gives unauthorized information concerning future SBA action affecting the value of securities, or with such knowledge invests in securities of any organization receiving SBA loans or assistance, is punishable by fine up to \$10,000, imprisonment up to 5 years, or both.

Section 210.—SBA has power and duty when it deems such action necessary—

(a) to make complete inventory of all small business productive facilities usable for war or defense production, or arrange for another Government agency having the necessary facilities to make such inventory. In making inventory State agencies may be requested to help from available information,

(b) to coordinate and determine means by which small business productive capacity can best be used for war or defense production.

Section 211.—When directed by President, SBA has duty to consult and cooperate with other Government agencies in issuance of orders and policies affecting small business. When directed by President, such Federal agencies before issuing such orders or policies must consult and cooperate with SBA.

Section 212.—SBA has power and is directed, when it deems it necessary—

(a) to consult and cooperate with procurement officers of Federal Government to use productive capacity of small business plants;

(b) to get information as to practices of Government prime contractors in letting subcontracts and to encourage letting of subcontracts to small business concerns at fair and equitable prices and conditions;

(c) to determine which concerns within any industry qualify as small business concerns;

(d) to certify to Government procurement officers concerning the competency of any small-business concern or group, as to credit and capacity to perform a specific Government procurement contract;

(e) to obtain from Government procurement or financial agencies pertinent reports concerning the letting of contracts or subcontracts and the making of loans to business concerns;

(f) to obtain from material suppliers information about method for distributing their supply whenever small business is unable to get materials from its normal source for war or defense production;

(g) to study and recommend to Federal agencies means of insuring a fair share of materials and equipment for small business to carry out war or defense programs;

(h) to consult and cooperate with all Government agencies to insure that small business gets fair and reasonable treatment from them; and

(i) to establish small business advisory boards and committees as necessary.

Section 213.—As to any small business having a certificate of competency from SBA, Government procurement officers are directed to accept the certificate as conclusive and are authorized to let Government procurement contracts on the basis of such certificates without requiring the holder to meet requirement as to capacity or credit.

Section 214.—Small business concerns shall receive any contract which SBA and the procurement agency determine to be in the interest of mobilizing the Nation's full productive capacity or to be in the interest of war or national defense programs.

Section 215.—SBA to report each 6 months to the President and to the Congress. Report to include names of business concerns getting contracts and financing, the amounts involved, and such other information and recommendations as SBA deems appropriate.

Section 216.—SBA may make studies of the effect of price, credit, and other controls over defense programs. When it finds these discriminate against or place undue hardship upon small business, SBA shall recommend to the appropriate agency adjustment of such controls to the needs of small business.

Section 217 (a).—President is authorized to consult with small-business representatives to encourage them to make voluntary agreements.

Section 217 (b).—Acts pursuant to such agreements, if requested by President and found to be in the public interest for national defense, are exempted from antitrust laws and Federal Trade Commission Act. A copy of the request and any modification or withdrawal shall be furnished to the Attorney General and the Federal Trade Commission and published in the Federal Register, unless this would endanger the national security.

Section 217 (c).—Government representative on voluntary agreement programs must be person confirmed by the Senate and must consult with the Attorney General and Chairman of the Federal Trade Commission at least 10 days before making any request or finding, and must obtain the Attorney General's approval to any request before it is made.

Section 217 (d).—The benefit of this section does not extend to any action after withdrawal of any particular request or finding.

Section 218 (a).—President may transfer to SBA any functions of any Federal agency relating primarily to small-business problems, including transfers of records, property, necessary personnel, and unexpended balances of available funds.

Section 218 (b).—President may also provide for transfer to SBA of records, property, and personnel of SDPA during its liquidation.

Section 219.—No loan shall be made or services furnished by SBA to any business unless its owners or officers (1) certify to SBA the names of persons it employs to expedite applications to SBA and fees paid or to be paid to such persons; (2) make an agreement binding the business concern for 2 years after it receives SBA assistance, not

to hire anyone who within 1 year before SBA assistance was rendered has served as an employee or agent of SBA in a position involving the exercise of discretion as to the inviting of SBA assistance; and (3) supply the names of lending institutions to which the business concern has applied for loans and the dates, amounts, terms, and proof of refusal.

Section 220.—To the fullest extent practicable SBA shall make a fair charge for use of Government property and make contracts on such a basis as to recover costs incurred by it.

Section 221.—Authorizes appropriation of necessary sums to carry out this title.

Section 222 (a).—Title II and all authority under it terminate at close of June 30, 1955, but President may continue SBA for liquidation purposes for not over 6 months after that date.

Section 222 (b).—Termination not to affect disbursement of funds or carrying out of obligations made before termination or the taking of action necessary to protect United States' interests.

Section 223.—Separability clause.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of the rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 3 OF THE RECONSTRUCTION FINANCE CORPORATION ACT

(62 Stat. 261, 15 U. S. C. 603 (a))

* * * * *

(a) The Corporation shall have succession through **June 30, 1956** *June 30, 1954*, unless it is sooner dissolved by an Act of Congress.

* * * * *

SECTION 4 OF THE RECONSTRUCTION FINANCE CORPORATION ACT

(62 Stat. 261, 15 U. S. C. 604 (f))

* * * * *

(f) The powers granted to the Corporation by this section 4 shall terminate at the close of business on **June 30, 1954** *the sixtieth day after the date of enactment of the Reconstruction Finance Corporation Liquidation Act*, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this Act prior to the close of business on such date, or (2) to affect the validity or performance of any other agreement made or entered into pursuant to law.

* * * * *

S. J. RES. 125, PUBLIC LAW 125, 80TH CONGRESS

(61 Stat. 190)

JOINT RESOLUTION To strengthen the common defense and to meet industrial needs for tin by providing for the maintenance of a domestic tin-smelting industry

* * * * *

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) tin is a highly strategic and critical material of which insufficient ore preserves exist in the United States and of which an adequate supply is vital to the Nation's industrial, military, and naval requirements for the common defense.

(b) Tin is now and for the immediate future will remain in supply short of the requirements of this country's industrial, military, and naval needs.

(c) It is necessary in the public interest and to promote the common defense that Congress make a thorough study and investigation regarding the advisability of the maintenance on a permanent basis of a domestic tin-smelting industry and to study the availability of supplies of tin adequate to meet the industrial, military, and naval requirement of the Nation in time of national emergency.

SEC. 2. The powers, functions, duties, and authority of the United States heretofore exercised by the Reconstruction Finance Corporation (1) to buy, sell, and transport tin, and tin ore and concentrates; (2) to improve, develop, maintain, and operate by lease or otherwise the Government-owned tin smelter at Texas City, Texas; (3) to finance research in tin smelting and processing; and (4) to do all other things necessary to the accomplishment of the foregoing shall continue in effect until June 30, 1956, or until such earlier time as the Congress shall otherwise provide, and shall be exercised and performed by [the Reconstruction Finance Corporation while that Corporation has succession, and thereafter by] such officer, agency, or instrumentality of the United States as the President may designate.

SEC. 3. The Reconstruction Finance Corporation or the officer, agency, or instrumentality of the United States subsequently designated by the President shall render a full report to Congress on all its activities under this joint resolution not later than December 31, 1947, and at the end of each six months thereafter.

* * * * *

SECTION 409 OF THE FEDERAL CIVIL DEFENSE ACT OF 1950

(64 Stat. 1257, U. S. C. 2261)

* * * * *

SEC. 409. To aid in carrying out the purposes of this Act, the Administrator is authorized to certify to the Reconstruction Finance Corporation as to the necessity under its Civil Defense Program of purchasing securities or making a loan or loans (including participations therein and guarantees thereof) for the purpose of aiding in financing projects for civil defense purposes, and the Reconstruction Finance Corporation upon such certification by the Administrator is hereby authorized to purchase such securities or to make such loan or loans (including participations therein and guarantees thereof) with maturities not to exceed fifty years and on such terms and conditions as the Corporation may determine except that any such purchases of securities or loans may be made only to the extent that financing is not otherwise available on reasonable terms. The total amount of loans, purchases, participations, and guarantees, made pursuant to this section should not exceed \$250,000,000 outstanding at any one time. The total amount of investments, loans, purchases, and commitments authorized by law to be made by the Reconstruction Finance Corporation is hereby increased by such sum.

(NOTE.—Section 104 of the Reconstruction Finance Corporation Liquidation Act transfers all of these functions, powers, duties, and authority, together with assets, funds, contracts, etc., to the Secretary of the Treasury.)



Calendar No. 602

83RD CONGRESS
1ST SESSION

S. 1523

[Report No. 604]

IN THE SENATE OF THE UNITED STATES

APRIL 1, 1953

Mr. THYE introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

JULY 18 (legislative day, JULY 6), 1953

Reported by Mr. CAPEHART, with amendments

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To create the Small Business Administration and to preserve small business institutions and free competitive enterprise.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Small Business Act
4 of 1953".

5 SEC. 2. The essence of the American economic system
6 of private enterprise is free competition. Only through full
7 and free competition can free markets, free entry into busi-
8 ness, and opportunities for the expression and growth of
9 personal initiative and individual judgment be assured. The
10 preservation and expansion of such competition is basic not
11 only to the economic well-being but to the security of this

1 Nation. Such security and well-being cannot be realized
2 unless the actual and potential of small business is en-
3 couraged and developed. It is the declared policy of the
4 Congress that the Government should aid, counsel, assist,
5 and protect insofar as is possible the interests of small-
6 business concerns in order to preserve free competitive en-
7 terprise, to ensure that a fair proportion of the total pur-
8 chases and contracts for supplies and services for the Gov-
9 ernment be placed with small-business enterprises, and to
10 maintain and strengthen the overall economy of the Nation.

11 SEC. 3. For the purposes of this Act, a small-business
12 concern shall be deemed to be one which is independently
13 owned and operated and which is not dominant in its field
14 of operation. The Administration, in making a detailed def-
15 inition, may use these criteria among others: Independency
16 of ownership and operation, number of employees, dollar
17 volume of business, and nondominance in its field.

18 SEC. 4. (a) In order to carry out the policy of this
19 Act there is hereby established an independent agency under
20 the name Small Business Administration (hereinafter re-
21 ferred to as the "Administration"), which shall be under
22 the general direction and supervision of the President. The
23 principal office of the Administration shall be located in the
24 District of Columbia, but the Administration may establish
25 such branch offices in other places in the United States as it

1 may determine to be necessary. The Administration shall
2 have power to adopt, alter, and use a seal which shall be
3 judicially noticed.

4 (b) The Administration is authorized to obtain money
5 from the Treasury of the United States for use in the per-
6 formance of the powers and duties conferred upon it by law,
7 but not to exceed a total of \$150,000,000 outstanding at any
8 one time. For this purpose appropriations not to exceed
9 \$150,000,000 are authorized to be made to a revolving fund
10 in the Treasury. Advances shall be made to the admin-
11 istration from the revolving fund when requested by the
12 Administration. Such fund shall be used for the purposes
13 enumerated in sections 7 (a), (b), and (c) of this Act. Not
14 to exceed an aggregate of \$100,000,000 shall be outstand-
15 ing at any one time for the purposes enumerated in section
16 7 (a). Not to exceed an aggregate of \$50,000,000 shall be
17 outstanding at any one time for the purposes enumerated in
18 sections 7 (b) and (c). Reimbursements made to the Ad-
19 ministration under these operations shall revert to the re-
20 volving fund for use for the same purposes.

21 (c) All moneys of the Administration not otherwise
22 employed may be deposited with the Treasurer of the United
23 States, subject to check by authority of the Administration,
24 or in any Federal Reserve bank. The Federal Reserve banks
25 are authorized and directed to act as depositaries, custodians,

1 and fiscal agents for the Administration in the general per-
2 formance of its powers conferred by this Act. Any insured
3 banks, when designated by the Secretary of the Treasury,
4 shall act as custodians and financial agents for the
5 Administration.

6 SEC. 5. (a) The management of the Administration
7 shall be vested in an Administrator, who shall be appointed
8 from civilian life by the President, by and with the advice
9 and consent of the Senate, and who shall be a person of out-
10 standing qualifications known to be familiar and sympathetic
11 with small-business needs and problems. The Administrator
12 shall receive compensation at the rate of \$17,500 per annum.
13 The Administrator shall not engage in any other business,
14 vocation, or employment than that of serving as Adminis-
15 trator. The Administrator is authorized to appoint three
16 Deputy Administrators to assist in the execution of the func-
17 tions vested in the Administration. Deputy Administrators
18 shall be paid at the rate of \$15,000 per annum.

19 (b) The Administrator is authorized, subject to the
20 civil-service laws and the Classification Act of 1949, as
21 amended, to select, employ, appoint, and fix the compen-
22 sation of such officers, employees, attorneys, and agents as
23 shall be necessary to carry out the provisions of this Act; to
24 define their authority and duties, require bonds of them, and
25 fix the penalties thereof. The Administration, with the con-

1 sent of any board, commission, independent establishment,
 2 or executive department of the Government, may avail itself
 3 of the use of information, services, facilities (including any
 4 field service thereof), and officers and employees thereof, in
 5 carrying out the provisions of this Act.

6 (c) To such extent as he finds necessary to carry out
 7 the provisions of this Act, the Administrator is hereby
 8 authorized to procure the temporary (not in excess of one
 9 year) or intermittent service of experts or consultants or
 10 organizations thereof, including stenographic reporting serv-
 11 ices, by contract or appointment, and in such cases such
 12 service shall be without regard to the civil-service laws and
 13 the Classification Act of 1949, as amended, and, except in
 14 the case of stenographic reporting services by organizations,
 15 without regard to section 3709, Revised Statutes, as amended
 16 (41 U. S. C. 5).

17 SEC. 6. In the performance of, and with respect to, the
 18 functions, powers, and duties vested in him by this Act, the
 19 Administrator, notwithstanding the provisions of any other
 20 law, may—

21 (a) sue and be sued in any court of record of a State
 22 having general jurisdiction, or in any United States dis-
 23 trict court, and jurisdiction is conferred upon such dis-
 24 trict court to determine such controversies without regard
 25 to the amount in controversy; *Provided*, That no attach-

1 ment, injunction, garnishment, or other similar process,
2 mesne or final, shall be issued against the Administrator
3 or his property;

4 ~~(b)~~ under regulations prescribed by him, assign or
5 sell at public or private sale, or otherwise dispose of for
6 cash or credit, in his discretion and upon such terms and
7 conditions and for such consideration as he shall deter-
8 mine to be reasonable, any evidence of debt, contract,
9 claim, personal property, or security assigned to or held
10 by him in connection with the payment of loans hereto-
11 fore or hereafter granted under this Act, and to collect
12 or compromise all obligations assigned to or held by him
13 and all legal or equitable rights accruing to him in con-
14 nection with the payment of such loans until such time
15 as such obligations may be referred to the Attorney
16 General for suit or collection;

17 ~~(c)~~ deal with, complete, renovate, improve, mod-
18 ernize, insure, rent, or sell for cash or credit, upon such
19 terms and conditions and for such consideration as he
20 shall determine to be reasonable, any real property con-
21 veyed to or otherwise acquired by him in connection
22 with the payment of loans granted under this Act;

23 ~~(d)~~ pursue to final collection, by way of com-
24 promise or otherwise, all claims against third parties
25 assigned to him in connection with loans made by him

under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Administrator pursuant to the provisions of this Act, may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(c) maintain an integral set of accounts with respect to activities performed pursuant to section 7 (a), (b), and (c) of this Act which shall be audited an-

1 nually by the General Accounting Office in accordance
2 with the principles and procedures applicable to com-
3 mercial transactions as provided by the Government
4 Corporation Control Act, as amended: *Provided*, That
5 financial transactions of the Administration, including the
6 settlement of actions arising under section 7 (a), (b),
7 and (c) and transactions related thereto and vouchers
8 approved by the Administrator in connection with such
9 financial transactions, shall be final and conclusive upon
10 all officers of the Government;

11 (f) acquire, in any lawful manner, any property
12 (real, personal, or mixed, tangible or intangible) when-
13 ever deemed necessary or appropriate to the conduct of
14 the activities authorized in section 7 (a) of this Act;
15 and

16 (g) in addition to any powers, functions, privi-
17 leges, and immunities otherwise vested in him, take any
18 and all actions determined by him to be necessary or
19 desirable in making, servicing, compromising, modify-
20 ing, liquidating, or otherwise dealing with or realizing
21 on loans or advances made under the provisions of this
22 Act.

23 SEC. 7. The Administration is empowered—

24 (a) to make loans or advances, in accordance with
25 general policies prescribed by a Small Business Loan

Policy Board to be composed of the Secretaries of Treasury and Commerce and the Administrator, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, development, and experimental work on new or improved products or processes; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production, or as may be necessary to ensure a well-balanced national economy. Such loans or advances may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate, or by the purchase of participations. In the making of such loans or advances the following restrictions and limitations shall be applicable:

(1) no financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment;

1 ~~(2)~~ no loan shall be granted under this Act if
2 the total amount outstanding to the borrower from
3 the revolving fund established by this Act would
4 exceed \$100,000, and no loan, including renewals
5 or extensions thereof, may be made for a period or
6 periods exceeding ten years; except that any loan
7 made for the purpose of constructing industrial facili-
8 ties may have a maturity of ten years plus such addi-
9 tional period as is estimated may be required to com-
10 plete such construction;

11 ~~(3)~~ in agreements to participate in loans,
12 wherein the Administration's disbursements are de-
13 ferred, such participations by the Administration
14 shall be limited to 70 per centum of the balance
15 of the loan outstanding at the time of disbursement
16 in any case where the total amount borrowed is
17 \$100,000 or less, and to 60 per centum of the bal-
18 ance outstanding at the time of disbursement in any
19 case where the total amount borrowed is over
20 \$100,000;

21 ~~(b)~~ to enter into contracts with the United States
22 Government and any department, agency, or officer
23 thereof having procurement powers, obligating the Ad-
24 ministration to furnish articles, equipment, supplies, or
25 materials to the Government;

1 (c) to arrange for the performance of such con-
2 tracts by negotiating or otherwise letting subcontracts
3 to small-business concerns or others for the manufacture,
4 supply, or assembly of such articles, equipment, supplies,
5 or materials, or parts thereof, or servicing or processing
6 in connection therewith, or for such management serv-
7 ices as may be necessary to enable the Administration
8 to perform such contracts; and

9 (d) to provide technical and managerial aids to
10 small-business concerns by advising and counseling on
11 matters in connection with Government procurement,
12 and on policies, principles, and practices of good man-
13 agement (including but not limited to cost accounting,
14 methods of financing, business insurance, accident con-
15 trol, wage incentives and methods engineering); by
16 cooperating and advising with voluntary business, pro-
17 fessional, educational and other nonprofit organizations,
18 associations, and institutions and with other Federal and
19 State agencies; by maintaining a clearinghouse for in-
20 formation concerning the managing, financing, and
21 operating of small-business enterprises; and by dissem-
22 inating such information and by engaging in such
23 other activities as are deemed appropriate by the
24 Administration.

25 SEC. 8. The Reconstruction Finance Corporation shall

1 transmit requests for loans from small businesses received
2 by it after the date of enactment of this Act to the Admin-
3 istration for its consideration and possible action.

4 SEC. 9. In any case in which the Administration certi-
5 fies to any officer of the Government having procurement
6 powers that the Administration is competent to perform
7 any specific Government procurement contract to be let by
8 any such officer, such officer shall be authorized to let such
9 procurement contract to the Administration upon such terms
10 and conditions as may be agreed upon between the Ad-
11 ministration and the procurement officer.

12 SEC. 10. It shall be the duty of the Administration and
13 it is hereby empowered, whenever it determines such action
14 is necessary—

15 (a) to make a complete inventory of all the produe-
16 tive facilities of small-business concerns which can be
17 used for war, defense, or essential civilian production,
18 or to arrange for such inventory to be made by any
19 other governmental agency which has the facilities.
20 In making any such inventory, the appropriate agencies
21 in the several States shall be requested to furnish an
22 inventory of the productive facilities of small-business
23 concerns in each such State if such an inventory is
24 available or in prospect; and

(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war, defense or essential civilian production.

SEC. 11. It shall be the duty of the Administration and it is hereby empowered to consult and cooperate with governmental departments and agencies in the issuance of orders or in the formulation of policy or policies substantially affecting small-business concerns. All such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved.

SEC. 12. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the

1 letting of subcontracts by prime contractors to small-
2 business concerns at prices and on conditions and terms
3 which are fair and equitable;

4 ~~(c)~~ to determine within any industry the con-
5 cerns, firms, persons, corporations, partnerships, co-
6 operatives, or other business enterprises, which are to
7 be designated "small-business concerns" for the purpose
8 of effectuating the provisions of this Act;

9 ~~(d)~~ to certify to Government procurement officers
10 with respect to the competency, as to capacity and credit,
11 of any small-business concern or group of such concerns
12 to perform a specific Government procurement contract;

13 ~~(e)~~ to obtain from any Federal department, estab-
14 lishment, or agency engaged in procurement or in the
15 financing of procurement or production such reports con-
16 cerning the letting of contracts and subcontracts and mak-
17 ing of loans to business concerns as it may deem pertinent
18 in carrying out its functions under this Act;

19 ~~(f)~~ to obtain from suppliers of materials informa-
20 tion pertaining to the method of filling orders and the
21 bases for allocating their supply, whenever it appears
22 that any small business is unable to obtain materials from
23 its normal sources for war or defense production or for
24 essential or such other civilian production as is neces-
25 sary to maintain a well-balanced national economy;

(g) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs, for essential civilian purposes, or for any other purpose deemed essential to a well-balanced national economy;

(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from such agencies; and

(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this Act.

SEC. 13. In any case in which a small-business concern or groups of concerns without requiring it to meet any other authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or groups of concerns without requiring it to meet any other requirement with respect to capacity and credit.

SEC. 14. To effectuate the purposes of this Act, small-

1 business concerns within the meaning of this Act shall re-
2 ceive any award or contract or any part thereof as to which
3 it is determined by the Administration and the contracting
4 procurement agencies ~~(1)~~ to be in the interest of mobilizing
5 the Nation's full productive capacity; ~~(2)~~ to be in the
6 interest of war or national defense programs; or ~~(3)~~ to be
7 in the interest of a well-balanced national economy; to make
8 such award or let such contract to a small-business concern.

9 SEC. 15. ~~(a)~~ Whoever makes any statement knowing
10 it to be false, or whoever willfully overvalues any security,
11 for the purpose of obtaining for himself or for any applicant
12 any loan, or extension thereof by renewal, deferment of
13 action, or otherwise; or the acceptance, release, or substitu-
14 tion of security therefor; or for the purpose of influencing in
15 any way the action of the Administration; or for the purpose
16 of obtaining money, property, or anything of value, under
17 this Act; shall be punished by a fine of not more than \$5,000
18 or by imprisonment for not more than two years, or both.

19 ~~(b)~~ Whoever, being connected in any capacity with
20 the Administration ~~(A)~~ embezzles, abstracts, purloins, or
21 willfully misapplies any moneys, funds, securities, or other
22 things of value, whether belonging to it or pledged or other-
23 wise entrusted to it; or ~~(B)~~ with intent to defraud the
24 Administration or any other body politic or corporate, or

1 any individual, or to deceive any officer, auditor, or ex-
 2 aminer of the Administration makes any false entry in any
 3 book, report, or statement of or to the Administration, or,
 4 without being duly authorized, draws any order or issues,
 5 puts forth, or assigns any note, debenture, bond, or other
 6 obligation, or draft, bill of exchange, mortgage, judgment,
 7 or decree thereof; or (C) with intent to defraud participates,
 8 shares, receives directly or indirectly any money, profit,
 9 property, or benefit through any transaction, loan, commis-
 10 sion, contract, or any other act of the Administration; or
 11 (D) gives any unauthorized information concerning any
 12 future action or plan of the Administration which might
 13 affect the value of securities, or, having such knowledge,
 14 invests or speculates, directly or indirectly, in the securities
 15 or property of any company or corporation receiving loans
 16 or other assistance from the Administration shall be punished
 17 by a fine of not more than \$10,000 or by imprisonment for
 18 not more than five years, or both.

19 SEC. 16. The Administration shall make a report every
 20 six months of operations under this Act to the President, the
 21 President of the Senate, and the Speaker of the House of
 22 Representatives. Such report shall include the names of the
 23 business concerns to whom contracts are let and for whom

1 financing is arranged by the Administration, together with
2 the amounts involved, and such report shall include such
3 other information and such comments and recommendations
4 as the Administration may deem appropriate.

5 SEC. 17. The Administration is hereby empowered to
6 make studies of the effect of price, credit, and other controls
7 imposed under war or defense programs and wherever it
8 finds that such controls discriminate against or impose undue
9 hardship upon small business, to make recommendations to
10 the appropriate Federal agency for the adjustment of con-
11 trols to the needs of small business.

12 SEC. 18. (a) The President may transfer to the Admin-
13 istration any functions, powers, and duties of any department
14 or agency which relate primarily to small-business problems.
15 In connection with any such transfer, the President may
16 provide for appropriate transfers of records, property, neces-
17 sary personnel, and unexpended balances of appropriations
18 and other funds available to the department or agency from
19 which the transfer is made.

20 (b) The President may also provide for such transfers
21 of records, property, and personnel from the Small Defense
22 Plants Administration, during the period of its liquidation,
23 as he considers appropriate to assist the Small Business Ad-
24 ministration in carrying out its functions under this Act.

25 SEC. 19. No loan shall be recommended, and no equip-

1 ment, facilities, or services shall be furnished by the Admin-
2 istration under this Act to any business enterprise unless the
3 owners, partners, or officers of such business enterprise (1)
4 certify to the Administration the names of any attorneys,
5 agents, or other persons engaged by or on behalf of such
6 business enterprise for the purpose of expediting applica-
7 tions made to the Administration for assistance of any sort,
8 and the fees paid or to be paid to any such persons; and
9 (2) execute an agreement binding any such business enter-
10 prise for a period of two years after any assistance is ren-
11 dered by the Administration to such business enterprise, to
12 refrain from employing, tendering any office or employment
13 to, or retaining for professional services, any person who, on
14 the date such assistance or any part thereof was rendered, or
15 within one year prior thereto, shall have served as an officer,
16 attorney, agent, or employee of the Administration occupy-
17 ing a position or engaging in activities which the Admin-
18 istration shall have determined involve discretion with re-
19 spect to the granting of assistance under this Act.

20 SEC. 20. To the fullest extent the Administration deems
21 practicable, it shall make a fair charge for the use of Gov-
22 ernment-owned property, and make and let contracts on a
23 basis that will result in a recovery of the direct costs incurred
24 by the Administration.

25 SEC. 21. There are hereby authorized to be appropriated

1 such sums as may be necessary and appropriate for the carry-
2 ing out of the provisions and purposes of this Act.

3 ~~SEC. 22.~~ Section 714 (a) (4) of the Defense Produc-
4 tion Act of 1950, as amended, is amended by striking out
5 “beyond June 30, 1953”, and inserting in lieu thereof
6 “beyond thirty days after the date of enactment of the Small
7 Business Act of 1953”.

8 ~~SEC. 23.~~ If any provision of this Act, or the applica-
9 tion thereof to any person or circumstances, is held invalid,
10 the remainder of this Act, and the application of such pro-
11 vision to other persons or circumstances, shall not be affected
12 thereby.

13 TITLE I

14 *SEC. 101. This title may be cited as the “Reconstruc-*
15 *tion Finance Corporation Liquidation Act”.*

16 *SEC. 102. (a) The first sentence of section 3 (a) of the*
17 *Reconstruction Finance Corporation Act, as amended (15*
18 *U. S. C. 603 (a)), is amended by striking out “June 30,*
19 *1956” and inserting in lieu thereof “June 30, 1954”.*

20 *(b) Subsection (f) of section 4 of the Reconstruction*
21 *Finance Corporation Act, as amended (15 U. S. C. 604*
22 *(f)), is amended by striking out “June 30, 1954” and in-*
23 *serting in lieu thereof “the sixtieth day after the date of*
24 *enactment of the Reconstruction Finance Corporation Liqui-*
25 *dation Act”.*

1 (c) *Except as otherwise provided in this Act, the liqui-*
2 *dation of assets and winding up of affairs of the Reconstruc-*
3 *tion Finance Corporation shall be carried out as expeditiously*
4 *as possible in accordance with the provisions of sections 9*
5 *and 10 of the Reconstruction Finance Corporation Act.*

6 (d) *The Secretary of the Treasury is authorized to incur*
7 *and pay out of the funds of the Corporation all administrative*
8 *expenses necessary to carry out the functions vested in him*
9 *as a result of the enactment of this Act. Such expenses*
10 *shall be limited to and charged against amounts made avail-*
11 *able to the Corporation or to the Secretary of the Treasury*
12 *in appropriation Acts for applicable administrative expenses,*
13 *which amounts shall not include any sums transferred to an*
14 *officer or agency of the Government, other than the Secretary*
15 *of the Treasury. The activities engaged in by the Secretary*
16 *of the Treasury as a result of the enactment of this Act shall*
17 *continue to be subject to the provisions of the Government*
18 *Corporation Control Act.*

19 SEC. 103. *Section 2 of the joint resolution entitled*
20 *“Joint resolution to strengthen the common defense and to*
21 *meet industrial needs for tin by providing for the maintenance*
22 *of a domestic tin-smelting industry”, approved June 28,*
23 *1947 (61 Stat. 190), is amended by striking out “the*
24 *Reconstruction Finance Corporation while that Corporation*
25 *has succession, and thereafter by”.*

1 *SEC. 104. All functions, powers, duties, and authority*
2 *of the Reconstruction Finance Corporation under section 409*
3 *of the Federal Civil Defense Act of 1950, together with all*
4 *assets, funds, contracts, loans, liabilities, commitments, au-*
5 *thorizations, allocations, personnel, and records primarily*
6 *related to the exercise of such functions, powers, duties, and*
7 *authority, are transferred to the Secretary of the Treasury,*
8 *and shall be performed, exercised, and administered by the*
9 *Secretary in accordance with the provisions of such section.*

10 *SEC. 105. No suit, action, or other proceeding lawfully*
11 *commenced by or against the Reconstruction Finance Cor-*
12 *poration shall abate by reason of the termination of succes-*
13 *sion of the Corporation; but the court may, on motion or*
14 *supplemental petition filed at any time within twelve months*
15 *after the date of such termination of succession and showing*
16 *a necessity for a survival of such suit, action, or other pro-*
17 *ceeding to obtain a settlement of the questions involved,*
18 *allow the same to be maintained by or against the officer or*
19 *agency of the Government performing the functions with*
20 *respect to which any such suit, action, or other proceeding*
21 *was commenced.*

22 *SEC. 106. (a) Upon the termination of succession of*
23 *the Reconstruction Finance Corporation the Administrator*
24 *of the Reconstruction Finance Corporation shall make a full*
25 *report to the Congress.*

1 (b) During such period of time as the Secretary of the
2 Treasury shall be engaged in liquidating the assets and
3 winding up the affairs of the Reconstruction Finance Corpo-
4 ration, pursuant to section 10 of the Reconstruction Finance
5 Corporation Act, he shall make quarterly reports to the
6 Congress setting forth the progress of such liquidation and
7 winding up of affairs.

8 TITLE II

9 SEC. 201. This title may be cited as the "Small Business
10 Act of 1953".

11 SEC. 202. The essence of the American economic system
12 of private enterprise is free competition. Only through full
13 and free competition can free markets, free entry into
14 business, and opportunities for the expression and growth
15 of personal initiative and individual judgment be assured.
16 The preservation and expansion of such competition is basic
17 not only to the economic well-being but to the security of
18 this Nation. Such security and well-being cannot be realized
19 unless the actual and potential capacity of small business is
20 encouraged and developed. It is the declared policy of the
21 Congress that the Government should aid, counsel, assist,
22 and protect insofar as is possible the interests of small-
23 business concerns in order to preserve free competitive
24 enterprise, to insure that a fair proportion of the total
25 purchases and contracts for supplies and services for the

1 Government be placed with small-business enterprises, and to
2 maintain and strengthen the overall economy of the Nation.

3 Further, it is the declared policy of the Congress that
4 the Government should aid and assist unfortunate victims
5 of floods or other catastrophes.

6 SEC. 203. For the purposes of this title, a small-business
7 concern shall be deemed to be one which is independently
8 owned and operated and which is not dominant in its field
9 of operation. In addition to the foregoing criteria the Ad-
10 ministration, in making a detailed definition, may use these
11 criteria, among others: Number of employees and dollar
12 volume of business.

13 SEC. 204. (a) In order to carry out the policies of this
14 title there is hereby created an agency under the name
15 "Small Business Administration" (herein referred to as the
16 Administration), which Administration shall be under the
17 general direction and supervision of the President and shall
18 not be affiliated with or be within any other agency or
19 department of the Federal Government. The principal office
20 of the Administration shall be located in the District of
21 Columbia, but the Administration may establish such branch
22 offices in other places in the United States as may be deter-
23 mined by the Administrator of the Administration.

24 (b) The Administration is authorized to obtain money
25 from the Treasury of the United States for use in the per-

1 *formance of the powers and duties granted to or imposed*
2 *upon it by law, not to exceed a total of \$275,000,000 out-*
3 *standing at any one time. For this purpose appropriations*
4 *not to exceed \$275,000,000 are hereby authorized to be*
5 *made to a revolving fund in the Treasury. Advances shall*
6 *be made to the Administration from the revolving fund*
7 *when requested by the Administration. This revolving fund*
8 *shall be used for the purposes enumerated subsequently in*
9 *section 207 (a), (b), (c), and (d). Not to exceed an*
10 *aggregate of \$150,000,000 shall be outstanding at any one*
11 *time for the purposes enumerated in section 207 (a). Not*
12 *to exceed \$25,000,000 shall be outstanding at any one*
13 *time for the purposes enumerated in section 207 (b). Not*
14 *to exceed an aggregate of \$100,000,000 shall be outstand-*
15 *ing at any one time for the purposes enumerated in sections*
16 *207 (c) and (d). The Administration shall pay into*
17 *miscellaneous receipts of the Treasury at the close of each*
18 *fiscal year, interest on the amount of advances outstanding at*
19 *a rate determined by the Secretary of the Treasury, taking*
20 *into consideration the current average rate on outstanding*
21 *interest-bearing marketable public debt obligations of the*
22 *United States of comparable maturities.*

23 (c) *The management of the Administration shall be*
24 *vested in an Administrator who shall be appointed from*

1 civilian life by the President, by and with the advice and
2 consent of the Senate, and who shall be a person of out-
3 standing qualifications known to be familiar and sympathetic
4 with small-business needs and problems. The Administrator
5 shall receive compensation at the rate of \$17,500 per annum.
6 The Administrator shall not engage in any other business,
7 vocation, or employment than that of serving as Administra-
8 tor. The Administrator is authorized to appoint three deputy
9 administrators to assist in the execution of the functions
10 vested in the Administration. Deputy administrators shall
11 be paid at the rate of \$15,000 per annum.

12 (d) There is hereby created the Loan Policy Board of
13 the Small Business Administration, which shall consist of
14 the following members, all *ex officio*: The Administrator,
15 as Chairman, the Secretary of the Treasury, and the Secre-
16 tary of Commerce. The Loan Policy Board shall establish
17 general policies (particularly with reference to the public
18 interest involved in the granting and denial of applications
19 for financial assistance by the Administration and with ref-
20 erence to the coordination of the functions of the Adminis-
21 tration with other activities and policies of the Government)
22 which shall govern the granting and denial of applications
23 for financial assistance by the Administration.

24 SEC. 205. (a) The Administration shall have power to
25 adopt, alter, and use a seal, which shall be judicially noticed.

1 *The Administrator is authorized, subject to the civil-service*
2 *and classification laws, to select, employ, appoint, and fix*
3 *the compensation of such officers, employees, attorneys, and*
4 *agents as shall be necessary to carry out the provisions of*
5 *this title; to define their authority and duties, require bonds*
6 *of them, and fix the penalties thereof. The Administration,*
7 *with the consent of any board, commission, independent es-*
8 *tablishment, or executive department of the Government,*
9 *shall avail itself on a reimbursable basis of the use of infor-*
10 *mation, services, facilities, including any field service thereof,*
11 *officers, and employees thereof, in carrying out the provi-*
12 *sions of this title.*

13 (b) *In the performance of, and with respect to, the*
14 *functions, powers, and duties vested in him by this title,*
15 *the Administrator may—*

16 (1) *sue and be sued in any court of record of a*
17 *State having general jurisdiction, or in any United*
18 *States district court, and jurisdiction is conferred upon*
19 *such district court to determine such controversies with-*
20 *out regard to the amount in controversy: Provided, That*
21 *no attachment, injunction, garnishment, or other similar*
22 *process, mesne or final, shall be issued against the*
23 *Administrator or his property;*

24 (2) *under regulations prescribed by him, assign or*
25 *sell at public or private sale, or otherwise dispose of*

1 for cash or credit, in his discretion and upon such terms
2 and conditions and for such consideration as the Admin-
3 istrator shall determine to be reasonable, any evidence
4 of debt, contract, claim, personal property, or security
5 assigned to or held by him in connection with the pay-
6 ment of loans granted under this title, and to collect or
7 compromise all obligations assigned to or held by him
8 and all legal or equitable rights accruing to him in
9 connection with the payment of such loans until such
10 time as such obligation may be referred to the Attorney
11 General for suit or collection;

12 (3) deal with, complete, renovate, improve, mod-
13 ernize, insure, or rent, or sell for cash or credit upon
14 such terms and conditions and for such consideration
15 as the Administrator shall determine to be reasonable,
16 any real property conveyed to or otherwise acquired by
17 him in connection with the payment of loans granted
18 under this title;

19 (4) pursue to final collection, by way of com-
20 promise or otherwise, all claims against third parties
21 assigned to the Administrator in connection with loans
22 made by him. This shall include authority to obtain
23 deficiency judgments or otherwise in the case of mort-
24 gages assigned to the Administrator. Section 3709

1 *of the Revised Statutes, as amended (41 U. S. C. 5),*
2 *shall not be construed to apply to any contract of hazard*
3 *insurance or to any purchase or contract for services or*
4 *supplies on account of property obtained by the Admin-*
5 *istrator as a result of loans made under this title if the*
6 *premium therefor or the amount thereof does not ex-*
7 *ceed \$1,000. The power to convey and to execute in*
8 *the name of the Administrator deeds of conveyance,*
9 *deeds of release, assignments and satisfactions of mort-*
10 *gages, and any other written instrument relating to real*
11 *property or any interest therein acquired by the Admin-*
12 *istrator pursuant to the provisions of this title may be*
13 *exercised by the Administrator or by any officer or*
14 *agent appointed by him without the execution of any*
15 *express delegation of power or power of attorney. Noth-*
16 *ing in this section shall be construed to prevent the*
17 *Administrator from delegating such power by order or*
18 *by power of attorney, in his discretion, to any officer or*
19 *agent he may appoint;*

20 *(5) acquire, in any lawful manner, any property*
21 *(real, personal, or mixed, tangible or intangible), when-*
22 *ever deemed necessary or appropriate to the conduct*
23 *of the activities authorized in section 207 (a) or 207*
24 *(b) of this title;*

1 (6) make such rules and regulations as he deems
2 necessary to carry out the authority vested in him by or
3 pursuant to this title; and

4 (7) in addition to any powers, functions, privileges,
5 and immunities otherwise vested in him, take any and
6 all actions determined by him to be necessary or desir-
7 able in making, servicing, compromising, modifying,
8 liquidating, or otherwise dealing with or realizing on
9 loans made under the provisions of this title.

10 (c) To such extent as he finds necessary to carry out
11 the provisions of this title, the Administrator is hereby
12 authorized to procure the temporary (not in excess of six
13 months) service of experts or consultants or organizations
14 thereof, including stenographic reporting services, by contract
15 or appointment, and in such cases such service shall be with-
16 out regard to the civil-service and classification laws, and
17 except in the case of stenographic reporting services by
18 organizations, without regard to section 3709, Revised Stat-
19 utes, as amended (41 U. S. C. 5).

20 (d) The Administrator is hereby authorized to determine
21 the character of and the necessity for the obligations and
22 expenditures of the Administration, and the manner in which
23 they shall be incurred, allowed, and paid, subject to provisions
24 of law specifically applicable to Government corporations.

25 SEC. 206. (a) All moneys of the Administration not

1 otherwise employed may be deposited with the Treasurer of the
2 United States subject to check by authority of the Adminis-
3 tration. The Federal Reserve banks are authorized and
4 directed to act as depositaries, custodians, and fiscal agents
5 for the Administration in the general performance of its
6 powers conferred by this title. Any banks insured by the
7 Federal Deposit Insurance Corporation when designated by
8 the Secretary of the Treasury, shall act as custodians, and
9 financial agents for the Administration. Each Federal Re-
10 serve bank, when designated by the Administrator as fiscal
11 agent for the Administration, shall be entitled to be reim-
12 bursed for all expenses incurred by such fiscal agent when
13 acting as agent on behalf of the Administration, including
14 among such expenses, notwithstanding other provisions of
15 law, attorney's fees and expenses of litigation.

16 (b) The Administrator shall contribute to the civil-service
17 retirement and disability fund, on the basis of annual billings
18 as determined by the Civil Service Commission, for the Gov-
19 ernment's share of the cost of the civil-service retirement
20 system applicable to the employees engaged in carrying out
21 the functions financed by the revolving fund established by
22 section 4 (b) of this Act. The Administrator shall also con-
23 tribute to the employees' compensation fund, on the basis of
24 annual billings as determined by the Secretary of Labor for
25 the benefit payments made from such fund on account of

1 employees engaged in carrying out the functions financed by
2 such revolving fund. The annual billings shall also include
3 a statement of the fair portion of the cost of the administra-
4 tion of the respective funds, which shall be paid by the Ad-
5 ministrator into the Treasury as miscellaneous receipts.

6 SEC. 207. The Administration is empowered—

7 (a) to make loans to enable small-business concerns
8 to finance plant construction, conversion, or expansion,
9 including the acquisition of land; or to finance the ac-
10 quisition of equipment, facilities, machinery, supplies, or
11 materials; or to supply such concerns with working
12 capital to be used in the manufacture of articles, equip-
13 ment, supplies, or materials for war, defense, or essential
14 civilian production or as may be necessary to insure a
15 well-balanced national economy; and such loans may be
16 made or effected either directly or in cooperation with
17 banks or other lending institutions through agreements to
18 participate on an immediate or deferred basis: Provided,
19 however, That the foregoing powers shall be subject to the
20 following restrictions and limitations:

21 (1) No financial assistance shall be extended
22 pursuant to (a) above unless the financial assist-
23 ance applied for is not otherwise available on reason-

1 *able terms and all loans made shall be of such sound*
2 *value or so secured as reasonably to assure repay-*
3 *ment; no immediate participation may be pur-*
4 *chased unless it is shown that a deferred participa-*
5 *tion is not available; and no loan may be made un-*
6 *less it is shown that a participation is not avail-*
7 *able;*

8 *(2) No financial assistance shall be extended*
9 *pursuant to (a) above if the total amount of the*
10 *borrower's indebtedness to the Administration, both*
11 *for disbursed and undisbursed loans, plus the total*
12 *amount of such borrower's indebtedness in any part*
13 *of which the Administration is obligated to partici-*
14 *pate on any basis would exceed \$200,000, and no*
15 *loan including renewals or extensions thereof may*
16 *be made for a period or periods exceeding ten years,*
17 *except that any loan made for the purpose of con-*
18 *structing industrial facilities may have a maturity of*
19 *ten years plus such additional period as is estimated*
20 *may be required to complete such construction;*

21 *(3) In agreements to participate in loans on a*
22 *deferred basis, such participations by the Adminis-*
23 *tration shall not be in excess of 90 per centum of the*

1 *balance of the loan outstanding at the time of dis-*
2 *bursement;*

3 *(b) to make loans to unfortunate victims of floods*
4 *or other catastrophes in accordance with general policies*
5 *prescribed by the Small Business Loan Policy Board and*
6 *as the Administrator deems necessary or appropriate:*
7 *Provided, That no such loan including renewals and*
8 *extensions thereof may be made for a period or periods*
9 *exceeding ten years except that where such loan is for*
10 *acquisition or construction (including acquisition of site*
11 *therefor) of housing for the personal occupancy of the*
12 *borrower, it may be made for a period not to exceed*
13 *twenty years;*

14 *(c) to enter into contracts with the United States*
15 *Government and any department, agency, or officer*
16 *thereof having procurement powers obligating the Ad-*
17 *ministration to furnish articles, equipment, supplies, or*
18 *materials to the Government;*

19 *(d) to arrange for the performance of such con-*
20 *tracts by negotiating or otherwise letting subcontracts*
21 *to small-business concerns or others for the manufacture,*
22 *supply, or assembly of such articles, equipment, supplies,*
23 *or materials, or parts thereof, or servicing or processing*

1 *in connection therewith, or such management services*
2 *as may be necessary to enable the Administration to*
3 *perform such contracts; and*

4 *(e) to provide technical and managerial aids to*
5 *small-business concerns, by advising and counseling on*
6 *matters in connection with Government procurement*
7 *and on policies, principles, and practices of good man-*
8 *agement including but not limited to cost accounting,*
9 *methods of financing, business insurance, accident con-*
10 *trol, wage incentives and methods engineering, by*
11 *cooperating and advising with voluntary business, pro-*
12 *fessional, educational, and other nonprofit organizations,*
13 *associations, and institutions and with other Federal*
14 *and State agencies, by maintaining a clearinghouse for*
15 *information concerning the managing, financing, and*
16 *operation of small-business enterprises, by disseminating*
17 *such information, and by such other activities as are*
18 *deemed appropriate by the Administration.*

19 *SEC. 208. In any case in which the Administration*
20 *certifies to any officer of the Government having procure-*
21 *ment powers that the Administration is competent to per-*
22 *form any specific Government procurement contract to be*
23 *let by any such officer, such officer shall be authorized in his*

1 *discretion to let such procurement contract to the Administra-*
2 *tion upon such terms and conditions as may be agreed upon*
3 *between the Administration and the procurement officer.*

4 *SEC. 209. (a) Whoever makes any statement knowing*
5 *it to be false, or whoever willfully overvalues any security,*
6 *for the purpose of obtaining for himself or for any applicant*
7 *any loan, or extension thereof by renewal, deferment of ac-*
8 *tion, or otherwise, or the acceptance, release, or substitution*
9 *of security therefor, or for the purpose of influencing in any*
10 *way the action of the Administration, or for the purpose of*
11 *obtaining money, property, or anything of value, under this*
12 *title, shall be punished by a fine of not more than \$5,000 or*
13 *by imprisonment for not more than two years, or both.*

14 *(b) Whoever, being connected in any capacity with the*
15 *Administration (A) embezzles, abstracts, purloins, or will-*
16 *fully misapplies any moneys, funds, securities, or other*
17 *things of value, whether belonging to it or pledged or other-*
18 *wise entrusted to it, or (B) with intent to defraud the*
19 *Administration or any other body politic or corporate, or*
20 *any individual, or to deceive any officer, auditor, or examiner*
21 *of the Administration makes any false entry in any book,*
22 *report, or statement of or to the Administration, or, without*
23 *being duly authorized, draws any order or issues, puts forth,*
24 *or assigns any note, debenture, bond, or other obligation,*
25 *or draft, bill of exchange, mortgage, judgment, or decree*

1 *thereof, or (C) with intent to defraud participates, shares,*
2 *receives directly or indirectly any money, profit, property,*
3 *or benefit through any transaction, loan, commission, con-*
4 *tract, or any other act of the Administration, or (D) gives*
5 *any unauthorized information concerning any future action*
6 *or plan of the Administration which might affect the value*
7 *of securities, or, having such knowledge, invests or specu-*
8 *lates, directly or indirectly, in the securities or property of*
9 *any company or corporation receiving loans or other assist-*
10 *ance from the Administration shall be punished by a fine*
11 *of not more than \$10,000 or by imprisonment for not more*
12 *than five years, or both.*

13 *SEC. 210. It shall be the duty of the Administration and*
14 *it is hereby empowered, whenever it determines such action*
15 *is necessary—*

16 *(a) to make a complete inventory of all productive*
17 *facilities of small-business concerns which can be used*
18 *for war or defense production, or to arrange for such*
19 *inventory to be made by any other governmental agency*
20 *which has the facilities. In making any such inventory,*
21 *the appropriate agencies in the several States may be*
22 *requested to furnish an inventory of the productive*
23 *facilities of small-business concerns in each respective*
24 *State if such an inventory is available or in prospect;*
25 *and*

1 (b) to coordinate and to ascertain the means by
2 which the productive capacity of small-business concerns
3 can be most effectively utilized for war or defense
4 production.

5 *SEC. 211. When directed by the President, it shall be*
6 *the duty of the Administration to consult and cooperate*
7 *with governmental departments and agencies in the issuance*
8 *of all orders or in the formulation of policy or policies in*
9 *any way affecting small-business concerns. When directed*
10 *by the President all such governmental departments or agen-*
11 *cies are required, before issuing such orders or announcing*
12 *such policy or policies, to consult and cooperate with the*
13 *Administration in order that the interests of small-business*
14 *enterprises may be recognized, protected, and preserved.*

15 *SEC. 212. The Administration shall have power, and*
16 *it is hereby directed, whenever it determines such action*
17 *is necessary—*

18 (a) to consult and cooperate with officers of the
19 Government having procurement powers, in order to
20 utilize the potential productive capacity of plants oper-
21 ated by small-business concerns;

22 (b) to obtain information as to methods and prac-
23 tices which Government prime contractors utilize in
24 letting subcontracts and to take action to encourage the
25 letting of subcontracts by prime contractors to small-

1 *business concerns at prices and on conditions and terms*
2 *which are fair and equitable;*

3 *(c) to determine within any industry the concerns,*
4 *firms, persons, corporations, partnerships, cooperatives,*
5 *or other business enterprises, which are to be designated*
6 *“small-business concerns” for the purpose of effectuating*
7 *the provisions of this title;*

8 *(d) to certify to Government procurement officers*
9 *with respect to the competency, as to capacity and*
10 *credit, of any small-business concern or group of such*
11 *concerns to perform a specific Government procurement*
12 *contract;*

13 *(e) to obtain from any Federal department, estab-*
14 *lishment, or agency engaged in procurement or in the*
15 *financing of procurement or production such reports con-*
16 *cerning the letting of contracts and subcontracts and*
17 *making of loans to business concerns as it may deem*
18 *pertinent in carrying out its functions under this title;*

19 *(f) to obtain from suppliers of materials informa-*
20 *tion pertaining to the method of filling orders and the*
21 *bases for allocating their supply, whenever it appears*
22 *that any small business is unable to obtain materials*
23 *from its normal sources for war or defense production;*

24 *(g) to make studies and recommendations to the*
25 *appropriate Federal agencies to insure a fair and*

1 *equitable share of materials, supplies, and equipment to*
2 *small-business concerns to effectuate war or defense*
3 *programs;*

4 *(h) to consult and cooperate with all Government*
5 *agencies for the purpose of insuring that small-business*
6 *concerns shall receive fair and reasonable treatment*
7 *from said agencies; and*

8 *(i) to establish such advisory boards and commit-*
9 *tees wholly representative of small business as may be*
10 *found necessary to achieve the purposes of this title.*

11 *SEC. 213. In any case in which a small-business concern*
12 *or group of such concerns has been certified by or under the*
13 *authority of the Administration to be a competent Govern-*
14 *ment contractor with respect to capacity and credit as to a*
15 *specific Government procurement contract, the officers of the*
16 *Government having procurement powers are directed to*
17 *accept such certification as conclusive, and are authorized to*
18 *let such Government procurement contract to such concern or*
19 *group of concerns without requiring it to meet any other*
20 *requirement with respect to capacity and credit.*

21 *SEC. 214. To effectuate the purposes of this title, small-*
22 *business concerns within the meaning of this title shall receive*
23 *any award or contract or any part thereof as to which it is*
24 *determined by the Administration and the contracting pro-*
25 *curement agency (A) to be in the interest of mobilizing the*

1 Nation's full productive capacity, or (B) to be in the
2 interest of war or national defense programs.

3 *SEC. 215. The Administration shall make a report every*
4 *six months of operations under this title to the President, the*
5 *President of the Senate, and the Speaker of the House of*
6 *Representatives. Such report shall include the names of the*
7 *business concerns to whom contracts are let and for whom*
8 *financing is arranged by the Administration, together with*
9 *the amounts involved, and such report shall include such*
10 *other information and such comments and recommendations*
11 *as the Administration may deem appropriate.*

12 *SEC. 216. The Administration is hereby empowered to*
13 *make studies of the effect of price, credit, and other controls*
14 *imposed under war or defense programs and wherever it*
15 *finds that these controls discriminate against or impose undue*
16 *hardship upon small business, to make recommendations to*
17 *the appropriate Federal agency for the adjustment of controls*
18 *to the needs of small business.*

19 *SEC. 217. (a) The President is authorized to consult*
20 *with representatives of small-business concerns with a view*
21 *to encouraging the making by such persons with the approval*
22 *of the President of voluntary agreements and programs to*
23 *further the objectives of this title.*

24 *(b) No act or omission to act pursuant to this title*
25 *which occurs while this title is in effect, if requested by the*

1 *President pursuant to a voluntary agreement or program*
2 *approved under subsection (a) of this section and found by*
3 *the President to be in the public interest as contributing to*
4 *the national defense, shall be construed to be within the pro-*
5 *hibition of the antitrust laws or the Federal Trade Commis-*
6 *sion Act of the United States. A copy of each such request*
7 *intended to be within the coverage of this section, and any*
8 *modification or withdrawal thereof, shall be furnished to*
9 *the Attorney General and the Chairman of the Federal Trade*
10 *Commission when made, and it shall be published in the*
11 *Federal Register unless publication thereof would, in the*
12 *opinion of the President, endanger the national security.*

13 *(c) The authority granted in subsection (b) of this sec-*
14 *tion shall be delegated only (1) to an official who shall for*
15 *the purpose of such delegation be required to be appointed*
16 *by the President by and with the advice and consent of the*
17 *Senate and (2) upon the condition that such official consult*
18 *with the Attorney General and with the Chairman of the*
19 *Federal Trade Commission not less than ten days before*
20 *making any request or finding thereunder, and (3) upon*
21 *the condition that such official obtain the approval of the*
22 *Attorney General to any request thereunder before making*
23 *the request.*

24 *(d) Upon withdrawal of any request or finding made*
25 *hereunder the provisions of this section shall not apply to*

1 any subsequent act or omission to act by reason of such
2 finding or request.

3 *SEC. 218. (a) The President may transfer to the Ad-*
4 *ministration any functions, powers, and duties of any depart-*
5 *ment or agency which relate primarily to small-business*
6 *problems. In connection with any such transfer, the Presi-*
7 *dent may provide for appropriate transfers of records, prop-*
8 *erty, necessary personnel, and unexpended balances of*
9 *appropriations and other funds available to the department*
10 *or agency from which the transfer is made.*

11 *(b) The President may also provide for such transfers*
12 *of records, property, and personnel from the Small Defense*
13 *Plants Administration, during the period of its liquidation,*
14 *as he considers appropriate to assist the Small Business Ad-*
15 *ministration in carrying out its functions under this title.*

16 *SEC. 219. No loan shall be made or equipment, facilities,*
17 *or services furnished by the Administration under this title*
18 *to any business enterprise unless the owners, partners, or*
19 *officers of such business enterprise (1) certify to the Ad-*
20 *ministration the names of any attorneys, agents, or other*
21 *persons engaged by or on behalf of such business enterprise*
22 *for the purpose of expediting applications made to the Ad-*
23 *ministration for assistance of any sort, and the fees paid or*
24 *to be paid to any such persons; (2) execute an agreement*
25 *binding any such business enterprise for a period of two*

1 years after any assistance is rendered by the Administration
2 to such business enterprise, to refrain from employing, ten-
3 dering any office or employment to, or retaining for pro-
4 fessional services, any person who, on the date such assist-
5 ance or any part thereof was rendered, or within one year
6 prior thereto, shall have served as an officer, attorney, agent,
7 or employee of the Administration occupying a position or
8 engaging in activities which the Administration shall have
9 determined involved discretion with respect to the granting
10 of assistance under this title; and (3) furnish the names of
11 lending institutions to which such business enterprise has
12 applied for loans together with dates, amounts, terms, and
13 proof of refusal.

14 *SEC. 220. To the fullest extent the Administration*
15 *deems practicable, it shall make a fair charge for the use*
16 *of Government-owned property and make and let contracts*
17 *on a basis that will result in a recovery of the costs incurred*
18 *by the Administration, including interest and depreciation.*

19 *SEC. 221. There are hereby authorized to be appro-*
20 *priated such sums as may be necessary and appropriate*
21 *for the carrying out of the provisions and purposes of this*
22 *title.*

23 *SEC. 222. (a) This title and all authority conferred*
24 *thereunder shall terminate at the close of June 30, 1955,*
25 *but the President may continue the Administration for pur-*

1 *poses of liquidation for not to exceed six months after such*
2 *termination.*

3 *(b) The termination of this title shall not affect the*
4 *disbursement of funds under, or the carrying out of, any*
5 *contract, commitment, or other obligation entered into pur-*
6 *suant to this title prior to the date of such termination, or*
7 *the taking of any action necessary to preserve or protect the*
8 *interests of the United States.*

9 *SEC. 223. If any provision of this Act, or the applica-*
10 *tion thereof to any person or circumstances, is held invalid,*
11 *the remainder of this Act, and the application of such provi-*
12 *sion to other persons or circumstances, shall not be affected*
13 *thereby.*

Amend the title so as to read: "A bill to dissolve the Reconstruction Finance Corporation, to establish the Small Business Administration, and for other purposes."

83d CONGRESS
1st Session

S. 1523

[Report No. 604]

A BILL

To create the Small Business Administration
and to preserve small business institutions
and free competitive enterprise.

By Mr. THYE

APRIL 1, 1953

Read twice and referred to the Committee on
Banking and Currency

JULY 18 (legislative day, JULY 6), 1953

Reported with amendments

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 21, 1953
For actions of July 20, 1953
83rd-1st, No. 135

CONTENTS

Acreage allotments.....11	Forestry.....6,10,19	Reclamation.....8,12
Appropriations.....1,11,25	Hawaii statehood.....31	Research.....7
Buildings.....2	Immigration.....21	Safety.....4
Corn.....11	Interest rates.....9	Small business.....13
Customs simplification...27	Lands, transfer.....10	Trade, foreign.....17
Electrification.....15,30	Legislative program.....16	Transportation.....20
Extension work.....3	Meat packers.....22	Treaties.....29
Farm imports.....17	Minerals.....18	Weed control.....23
Fiscal policy.....14	Pea sales.....5	Wheat.....24
Flood inspection.....26	Prices, cattle.....28	

HIGHLIGHTS: Both Houses completed congressional action on 2nd independent offices appropriation bill. House received conference reports on 1st independent offices and Army civil appropriation bills. Senate received appropriation estimate for corn allotments. House discussed forest-mining bill. House passed bill to celebrate 50th anniversary of farm-demonstration work. House subcommittee approved its report on pea sales. Sen. Magnuson introduced and discussed bill to restrict farm imports.

HOUSE

- 1. APPROPRIATIONS.** The Appropriations Committee reported without amendment H. R. 6391, the foreign-aid appropriation bill for 1954 (H. Rept. 580)(p. 9562).
Received the conference report on H. R. 4663, the first independent offices appropriation bill for 1954, which includes funds for the Budget Bureau, Civil Service Commission, National Science Foundation, etc. (pp. 9556-60).
Both Houses agreed to the conference report on H. R. 5690, the second independent offices appropriation bill for 1954, which includes funds for the Tennessee Valley Authority, Veterans' Administration, and Selective Service System (pp. 9481-2, 9516-9, 9559-60). This bill will now be sent to the President.
Received the conference report on H. R. 5376, the Army civil appropriation bill for 1954, which includes funds for flood control (pp. 9487, 9545-7).
- 2. BUILDINGS.** The Rules Committee reported a resolution for consideration of H. R. 6342, to authorize GSA to acquire land and enter into lease-purchase contracts for construction of Government buildings thereon (p. 9562).
- 3. EXTENSION WORK.** Passed without amendment H. J. Res. 161, requesting the President to designate 1953 as the 50th Anniversary Year of Farm Demonstration Work (p. 9512).
- 4. SAFETY.** Passed as reported S. 1105, to incorporate the National Safety Council (pp. 9509-10).
- 5. PEA SALES.** A subcommittee of the Agriculture Committee approved for reporting to

the full Committee a report on its study of the sale of 80,000 tons of Austrian peas by CCC (p. D739).

6. FORESTRY. Discussed and, at the request of Rep. Price, passed over H. R. 4983, to define the surface rights of a locator of a mining claim on U. S. land. Rep. Miller said a joint subcommittee of the Interior and Insular Affairs Committee and the Agriculture Committee has been appointed to iron out the differences between the two Committees on this subject. The subcommittee consists of Reps. D'Ewart, Engle, Wharton, Hill, Hagen, and Abbitt. (pp. 9507-8.)
7. RESEARCH. Discussed and, at the request of Rep. Phillips, passed over H. R. 4689, to provide an open-end authorization for the National Science Foundation (p. 9507).
8. RECLAMATION. Passed without amendment S. 1433, to extend the benefits of certain provisions of the Reclamation Project Act of 1939 to the Arch Hurley Conservancy District, N. Mex. (p. 9512). This bill will now be sent to the President.
9. INTEREST RATES. Rep. Dentsen criticized the policy of permitting increases in interest rates (pp. 9552-5).
10. FORESTRY. The Agriculture Committee reported with amendment H. R. 3107, to provide for conveyance of a tract of forest land in Basalt, Colo. (H. Rept. 888) (p. 9562).

SENATE

11. APPROPRIATIONS. Received from the President a supplemental appropriation estimate for 1954 of \$7,500,000 for this Department to formulate and carry out acreage allotments on the 1954 corn crop in the commercial areas; to Appropriations Committee (S. Doc. 61)(p. 9432).
In reporting H. R. 5969, the defense appropriation bill, the Committee struck out the prohibition against cost-of-living allowances for residents of the Territory or possession involved.
12. RECLAMATION. Passed without amendment H. R. 1991, relating to certain cost adjustments in the Greenfield division, Mont. (p. 9483). This bill will now be sent to the President.
13. SMALL BUSINESS. Passed with amendments H. R. 5141, to create a Small Business Administration (pp. 9431, 9443-75).
14. FISCAL POLICY. Sen. Morse criticized the Administration's fiscal policies and inserted newspaper articles on this matter (pp. 9440-2).
15. ELECTRIFICATION. Sen. Morse inserted R. L. Neuberger's article criticizing Secretary McKay's decision "to abandon" the Hells Canyon project (p. 9484).
16. LEGISLATIVE PROGRAM. Sen. Knowland stated that today the Senate will consider the FCA reorganization bill and the rubber-plants sale bill (pp. 9483-4).

BILLS INTRODUCED

17. FARM IMPORTS. S. 2430, by Sen. Magnuson (for himself and others), to amend the Trade Agreements Act to vest additional authority in the Tariff Commission regarding imports of agricultural commodities; to Finance Committee (p. 9435). Remarks of author (pp. 9435-6).

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Miss Frances E. Willis, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Switzerland.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. KNOWLAND. Mr. President, I ask that the President be notified immediately of the confirmation of these nominations.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

SMALL BUSINESS ADMINISTRATION

Mr. KNOWLAND. Mr. President, pursuant to the understanding had when the Senate recessed on Saturday, I move that there be substituted for the present unfinished business, which is Senate bill 2047, the so-called rubber plants bill, Calendar No. 602, Senate bill 1523.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1523) to create the Small Business Administration and to preserve small business institutions and free competitive enterprise, which had been reported from the Committee on Banking and Currency with an amendment.

STAFF OF THE McCARTHY INVESTIGATING COMMITTEE

Mr. LEHMAN. Mr. President, I ask unanimous consent that I may speak for not to exceed 2 minutes.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from New York is recognized for 2 minutes.

Mr. LEHMAN. In a telecast yesterday, the junior Senator from Wisconsin [Mr. McCARTHY] made the accusation that recent criticism by the junior Senator from Oklahoma [Mr. MONRONEY] among others, directed against the activities of 2 staff members of the McCarthy investigating committee, Mr. Roy Cohn and Mr. David Shine, constituted a flagrant example of anti-Semitism.

I am strongly moved to assert that this is a wholly false and ridiculous charge. Many individuals of Jewish faith, as well as of Christian denominations—without distinction—have repeatedly criticized and repudiated the antics of these two brash young men. For several months, in speeches and public statements, I—a Jew, sensitive to any religious bias—have been strongly critical of the behavior of these young men, and have pointed out that they have been doing our country and the cause of anticommunism great harm both here and abroad. I am very certain that most members of my religious faith, not as Jews, but as Ameri-

cans, are anything but proud of these two young men.

To brand criticism of them as "anti-semitism" is pure and arrant demagoguery, raising an ugly symbol in defense of indefensible conduct.

As for the junior Senator from Oklahoma [Mr. MONRONEY] it is unnecessary for me to absolve him of this cheap charge. Yet I cannot forbear from affirmatively attesting that he is one of the fine characters of the Senate, free of bias, hate and prejudice—a gentleman of understanding and of courage.

MAURICE J. TOBIN

Mr. SALTONSTALL. Mr. President, as a Senator from the Commonwealth of Massachusetts I have the sad duty to announce the sudden death of a very distinguished Massachusetts citizen, the former Secretary of Labor, Maurice J. Tobin. He died very suddenly from a heart attack yesterday morning.

Maurice Tobin started his career as a newsboy. He became interested in politics even before he had completed his public school career. After leaving school he entered Massachusetts politics. Later he became the youngest chairman of the Boston School Committee ever to serve in that capacity.

From there he went on to become the mayor of Boston, and was twice elected to that office. He then became Governor of the State, succeeding me in that position.

In 1948 he was appointed by President Truman to be Secretary of Labor, and served as Secretary of Labor during the last 5 years of the Truman administration.

He worked in the State legislature with me. During the 6 years I was Governor of the Commonwealth he was mayor of Boston, and I came into contact with him in many different ways. We had a mutual respect for each other. We differed in our political beliefs in many instances, but I always found him to be a man who kept his word and who was frank in the expression of ideas. We became mutual friends, and that friendship continued until the time of his death. I know that those who are citizens of Massachusetts will miss his friendly personality and his political sagacity in many ways.

Above all, he was a family man and a very ardent churchman of his faith. He had a lovely wife and three children, to whom he was devoted. With other citizens of Massachusetts I join in expressing the deepest sympathy for his widow and other members of his family.

Mr. MORSE. Mr. President, I wish to join with the Senator from Massachusetts [Mr. SALTONSTALL] in paying tribute to Maurice J. Tobin, who was struck down in the prime of his life. Not only Massachusetts, but America, has lost a great liberal leader. Maurice Tobin was a devoted Christian who recognized that in the field of politics there is an obligation to seek to put into practice the principles of Christianity. That meant, of course, that he would make the kind of record in politics that he made. He always placed human values first. He

always sought to give meaning to the American ideal of the pursuit of happiness for the public as a whole.

Not only have American workers lost a devoted friend and ardent advocate of their legitimate interests, but the American people have lost a great American. I wish at this time not only to say these words in respect to his memory but to express to his family the sincere sympathy of Mrs. Morse and myself.

Mr. SMITH of New Jersey. Mr. President, as chairman of the Committee on Labor and Public Welfare of the Senate, I know that I speak for all members of my committee in expressing deep sorrow and regret over the passing of the late Secretary of Labor, Maurice J. Tobin.

As a member of that committee, I had the privilege of knowing Mr. Tobin very well. I regarded him highly as a friend. We differed in many matters because we were of opposite political faiths, but I always had the most profound respect for him. I know that he was sincerely seeking to serve his country according to his lights.

On behalf of my committee, I wish to record our deep regret at the sad and early death of a real American.

Mr. KNOWLAND. Mr. President, I wish to add a few words on the passing of the late Secretary of Labor, Maurice J. Tobin.

It was my privilege to serve as a member of the Appropriations Committee on the subcommittee which handled the Department of Labor appropriations. At one time I served as chairman of that subcommittee, and later as ranking minority member of the same subcommittee. I had the privilege of knowing the then Secretary of Labor. He appeared before our subcommittee on many occasions to discuss matters which affected his Department and what he felt was the welfare and the development of labor organizations throughout the Nation.

I found at all times that he dealt very frankly. He was a man whose word could be relied upon. I feel that in his passing the Nation, as well as the State of Massachusetts, has lost a distinguished and outstanding citizen.

Mr. MARTIN. Mr. President, I wish it to be recorded that I have deep sympathy for the fine family Maurice Tobin has left to mourn his loss. I knew Maurice Tobin very well while he was chairman of the governors conference. He was an able member of the executive committee of the Governors Conference. I knew Maurice Tobin as a man of great human understanding. In illustration of that noble attribute I wish to relate an incident. While I was Governor of Pennsylvania the 28th Division was returning from overseas duty after World War II. I went to Boston to meet elements of that division. It was very early in the morning, but the then Governor of Massachusetts, Maurice Tobin, accompanied us to the dock to meet the troops. It was evidence of a fine human quality, and the members of the command appreciated it very much. His passing is a great loss to the United States.

Mr. AIKEN. Mr. President, my acquaintance with Maurice Tobin began during the time he was a member of

the Boston School Board, and from then on I naturally followed his career, as successively he became mayor of Boston, Governor of Massachusetts, and finally Secretary of Labor. I always liked Maurice Tobin. I always considered him to be a good and a conscientious public servant. He was eminently fair in his dealings, and I never knew him to take advantage of the other fellow. He was humane and sympathetic in all respects. In his death we have lost a good public servant and a good man.

Mr. JOHNSON of Texas. Mr. President, I join with my colleagues in expressing deep regret at the passing of the late Secretary of Labor, Maurice Tobin. He was a great public servant. He served the people of his city, of his State, and of his Nation with understanding and with sympathy for their problems, and he always acted in the highest traditions of the public service.

Maurice Tobin was a great American. I did not know him well, but I do know of his labors in the Federal service. The little people of this country have reason to mourn the loss of this good man.

Mr. MONRONEY. Mr. President, it was with a deep sense of sorrow and of personal loss that I learned of the death of former Secretary of Labor, Maurice Tobin. Mr. Tobin had been a friend of mine since his early days in Washington and I well know of the distinguished and high caliber of public service he rendered not only to his own State, but to the Nation as well.

His service in various branches of government in the State of Massachusetts, including mayor of Boston and Governor of the State, attests to his sterling qualities and to his desire to be in the very highest sense of the word a public servant.

In his tour of duty in Washington, he did not spare himself from difficult exertions and efforts which would have brought death to the average man. I feel very definitely that constant endeavors as Secretary of Labor to keep in contact with labor conditions in the 48 States shortened his life.

I can say that during all my experience, in conferring with him on matters under his jurisdiction, he evinced the utmost fairness and a wide discernment of questions affecting rights and justice. He labored not only on behalf of those who were in a position to make their voices heard, but he forever kept his ears attuned to the feeble pleadings of millions of people who were subject to the protection of his Department.

Maurice Tobin was a friend of man. He was anxious always to help the underprivileged and to make sure that they had their day in court and had proper representations in the councils of our Government.

Mr. MAGNUSON. Mr. President, I wish to associate myself with my colleagues in expressing my deep regret and shock at the death of Maurice Tobin. I have known Mr. Tobin for about 20 years. He was an active and a good influence on the political life of our Na-

tion. In the councils of the Democratic Party he did a great deal to shape the human approaches to the policies enunciated during his time, both in his State and in the Nation. America has lost not only a great friend, but a great citizen.

I believe the outstanding characteristic of Maurice Tobin, which has been so well stated by those on both sides of the aisle who have preceded me, was that Maurice Tobin always approached a problem from the human standpoint. All of us are very said, and all of us express our deep sympathy to his family and to those who knew him.

Mr. MURRAY. Mr. President, I wish to take this opportunity to express my grief and shock over the death of a great American, Maurice Tobin, former Secretary of Labor, who was stricken yesterday at his summer home in Massachusetts.

The career of Maurice Tobin was a typically American one. He rose from a newsboy to become a member of the Cabinet. Prior to his appointment as Secretary of Labor he had already won the high regard, affection, and support of his fellow citizens of Massachusetts. At the very young age of 37 he was elected mayor of his home city of Boston and went on to become Governor of the State of Massachusetts when he was only 43 years old. Mr. Tobin took an active part in the business and community life of his city and State and was a powerful advocate of our American system of free enterprise. The people of Massachusetts have lost a devoted public servant and a truly great statesman in his untimely and unexpected death.

Mr. Tobin was a personal friend of mine, for whom I always had the highest esteem, respect, and affection. As Secretary of Labor, he lent his prestige and support to the building of the International Labor Organization, an agency of the United Nations dedicated to bringing about a better understanding among employers and employees throughout the world. When I represented the Government as a delegate to the ILO, I had many conferences with Mr. Tobin about the activities and the future of that very important world organization. I was greatly encouraged by his faith in and never-failing support of its principles and objectives.

Maurice Tobin was a true Christian, a gentleman who never failed in his support of the rights of the common man. He was a liberal in the truest sense of that term.

Our country can ill afford to lose the services, ability, and patriotism of such men as Maurice Tobin. He gave unstintingly of his time and efforts toward the building of a better country and a better world. Not only the people of Massachusetts but the people of the entire United States have lost a great and patriotic American by his untimely death.

Mr. President, on behalf of myself and my colleague the junior Senator from Montana [Mr. MANSFIELD], I extend to his charming wife, Mrs. Tobin, and her three lovely children our sincere condolences on his untimely passing.

Mr. KEFAUVER. Mr. President, I join the distinguished Senator from Montana and other Senators in expressing very deep regret over the untimely passing of former Secretary of Labor Maurice J. Tobin.

Mr. Tobin had a very unusual and successful career in Government and political life. I think he was an excellent Secretary of Labor. He passed away at the comparatively young age of 52, at the height of his career. I feel that the United States has lost an able public servant, and a man who would have had a great career before him had he not passed away so early in life.

CALL OF THE ROLL

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded, and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following communications, which were referred as indicated:

PROPOSED SUPPLEMENTAL APPROPRIATION, CIVIL FUNCTIONS, DEPARTMENT OF THE ARMY, (S. Doc. No. 59)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1954, in the amount of \$1,500,000, for the civil functions, Department of the Army (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, DEPARTMENT OF COMMERCE (S. Doc. No. 60)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1954, in the amount of \$45 million, for the Department of Commerce (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, DEPARTMENT OF AGRICULTURE (S. Doc. No. 61)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1954, in the amount of \$7,500,000, for the Department of Agriculture (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

Petitions, etc., were presented, and referred as indicated:

By Mr. MUNDT:

A concurrent resolution of the Legislature of the State of South Dakota; to the Committee on the Judiciary.

who asked, "Is peace so precious as to be purchased at the cost of slavery and chains?"

One of its outstanding pastors having fled from the north to Seoul, Dr. Kyung Chik Han, now pastor of the 4,000-member Yong Nak Presbyterian Church of Seoul, speaking at the conference, said, "We know from bitter and hard experience that you simply cannot trust the Communists and, please remember, we are all Koreans." Also present at the conference was an outstanding Presbyterian military chaplain who reported, "There is no difference between South and North Koreans—they are one people." He then explained that he had worked at the prisoner-of-war camps and out of approximately 100,000 prisoners of war, 20,000 were Christians and many thousands of the others were studying Christianity. He stated that during his 3 years of work among these prisoners of war they had established 15 Bible institutes in the camps with over 3,800 students studying for the ministry. In 1 such camp 6 daybreak prayer meetings with a daily average attendance of 1,500 each, met for many months praying for release into their own country. The chaplain concluded his remarks by stating: "When Syngman Rhee freed 27,000 prisoners of war he was simply welcoming back into his country his own countrymen and of these over 30 percent were professed Christians, all of them bitterly opposed to communism."

Dr. Taylor concluded by saying, "I believe that God is on the side of Syngman Rhee. I fear that America will some day hang her head in shame if we fall here. Can America be true to herself and to her God in a compromise with diabolical communism, being coerced into a denial of the very freedoms that have made America great?"

SOVIET TRADE

Mr. HUMPHREY. Mr. President, I have in my hand a dispatch dated July 17, 1953, under the caption "Soviet Trade." I think this news dispatch is very revealing. It again sets before us the challenge which our Government and other free governments now face because of the technical offensive of the Soviet Government in undermining the trade positions of western European countries as well as of our own country.

I read only a few lines from the dispatch:

Soviet Russia is waging an economic peace offensive and is succeeding because "our own American policies are forcing a situation under which East-West trade becomes a necessity for the economic survival of Western Europe."

That is the view expressed by Warren Lee Pierson, Chairman of Trans-World Airlines and Chairman of the United States Council of the International Chamber of Commerce, in a report on the recent ICC Congress in Vienna, which the Russians attended as observers.

Mr. Pierson goes on to point out that the Russians pushed the idea of renewed East-West trade at Vienna in quiet back-corridor talks, and he called on the United States Congress to institute a more liberal world-trade policy to "expand the volume of imports of manufactured goods, increase the flow of private investments for economic development abroad, and encourage our friends abroad to stand on their own feet."

Mr. President, on other occasions in the Senate I have brought to the attention of my colleagues the most serious thing which I think our Government faces, namely, the cleverly designed peace

offensive of the Soviet in weakening the trade relationship between the United States and other lands. I am somewhat shocked to see that during the coming year, which is a crucial and critical year, our Government has taken a position that it will do nothing except to tie to what we have.

Mr. President, I ask unanimous consent that the entire dispatch be printed in the RECORD at this point.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

NEW YORK.—Soviet Russia is waging an economic peace offensive and is succeeding because our own American policies are forcing a situation under East-West trade becomes a necessity for the economic survival of Western Europe.

That is the view expressed by Warren Lee Pierson, chairman of Trans-World Airlines and chairman of the United States Council of the International Chamber of Commerce in a report on the recent ICC congress in Vienna, which the Russians attended as observers.

"Most Europeans today would prefer not to rely upon American aid," Pierson declared. "The world is impatient for a resumption of normal trade which now is prevented by ideological differences. The Soviets are aware of this."

Noting that the Russians pushed the idea of renewed East-West trade at Vienna in quite, back-corridor talks, Mr. Pierson added: "The American public might as well adjust itself to the fact that there will be an increase in East-West trade."

He called on the United States Congress to institute a more liberal world-trade policy that would "expand the volume of imports of manufactured goods, increase the flow of private investments for economic development abroad and encourage our friends abroad to stand on their own feet."

"We can challenge the Russians with an economic offensive of our own," he said. "The economic potential of the free world is much greater than that of our adversaries."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed, without amendment, the following bills of the Senate:

S. 122. An act directing the conveyance of certain property to the city of Rupert, Idaho;

S. 498. An act to authorize an agreement between the United States and Mexico for the joint operation and maintenance by the International Boundary and Water Commission, United States and Mexico, of the Nogales sanitation project, and for other purposes;

S. 630. An act to authorize the conveyance for public-school purposes of certain Federal land in Gettysburg National Military Park, and for other purposes;

S. 967. An act to extend the duration of the Hospital Survey and Construction Act (title VI of the Public Health Service Act);

S. 1433. An act to extend the benefits of certain provisions of the Reclamation Project Act of 1939 to the Arch Hurley Conservancy District, Tucumcari reclamation project, New Mexico; and

S. 1981. An act to continue in effect certain provisions of section 6 of the act of February 4, 1887, as amended, relating to military traffic in time of war or threatened war, for the duration of the national emergency proclaimed December 16, 1950, and 6 months thereafter, or until such earlier date as may

be established by concurrent resolution of Congress.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5690) making appropriations for additional independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1954, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 9 and 24 to the bill and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 3, 11, 13, and 25 to the bill, and concurred therein, each with an amendment, in which it requested the concurrence of the Senate.

CREATION OF SMALL BUSINESS ADMINISTRATION

The Senate resumed the consideration of the bill (S. 1523) to create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise.

Mr. CAPEHART. Mr. President, the business before the Senate is Senate bill 1523, which was introduced by the able Senator from Minnesota [Mr. THYE]. This bill contains two titles. Title I provides for dissolving the Reconstruction Finance Corporation. Title II provides for establishing a new small-business agency to replace the Small Defense Plants Administration, to be known as the Small Business Administration, and gives that agency the right to loan money to small business concerns.

Mr. President, I have placed on the desk of each Senator a memorandum showing exactly what happens to each function of the RFC under the provisions of this bill. I think I should read it, because I am certain that Senators will be interested in knowing precisely what is going to happen to the several functions of the Reconstruction Finance Corporation.

Title I of the bill, as I have stated, deals exclusively with the liquidation of RFC. Here is what happens under the bill to the RFC, an agency which has been in existence since 1932:

First. In the case of Federal Civil Defense Administration loans, they will be transferred to the Treasury Department.

Second. In regard to what is known as 302 defense loans, meaning loans under section 302 of the Defense Production Act, under the bill which we are considering, the President is given the right to designate to which agency he wishes to transfer that function. The reason for that is that in the original Defense Production Act, by section 302, we gave the President the right to designate the agency to handle such loans, and he designated the Reconstruction Finance Corporation. So we are simply returning the power to the President to designate the agency.

Third. Tin: Here, again, we will have the same circumstances as we have under section 302 loans if this bill is

passed. The President will designate the agency to handle the program.

Fourth. Rubber: There, again, the President designates the agency, as the Rubber Act of 1948 gave him the right to do. In that instance he designated the RFC. So, if, and when the RFC is liquidated, the President will again designate some other agency.

Fifth. The abaca program: There, again, the President designates the agency, as in the cases of the three which I have just mentioned.

Sixth. Disaster loans: They will be handled, under the proposed legislation now being considered, by the new Small Business Administration.

Mr. HUMPHREY. Mr. President, will the Senator from Indiana yield at that point?

Mr. CAPEHART. I yield.

Mr. HUMPHREY. What is the relationship of the disaster loans which may be necessitated by such things as floods, earthquakes, or something of that sort, to the Small Business Administration? I am not being critical of the bill. I merely want to know how they become relevant to the activities of the Small Business Agency.

Mr. CAPEHART. Disaster loans for many years have been handled by the RFC.

Mr. HUMPHREY. As a banking agency?

Mr. CAPEHART. Not only as a banking agency, but as the agency which designated who would get the money and in what amounts. In fact, Congress designated the RFC as the agency to handle disaster loans, and authorized and then appropriated a certain amount of money for that purpose. Under the bill now being considered, since the RFC would be liquidated, if Congress agrees, the Small Business Administration would take over exactly the same functions, and in the same way, as the RFC previously handled them.

Mr. HUMPHREY. I can see how it might be necessary to find a place for such an activity as the disaster-loan service of the Government, but how would it fit in with the Small Business Administration? The RFC became a large banking instrumentality, handling loans in varied lines of activity. All I am asking is, Is there any better place to put disaster-loan activities than under the Small Business Administration?

Mr. CAPEHART. I rather doubt it, for the simple reason that ordinarily disaster loans are small loans, made to small businesses, nonprofit institutions, and persons who are in distress as a result of floods and other disasters. I should think that the Small Business Administration could deal with that subject much better than could the Treasury, for example, or the Department of Commerce. The Small Business Administration will be close to small-business men. I doubt if a better agency than the proposed new agency could be found to handle loans of this character which heretofore have been made by the RFC.

Mr. HUMPHREY. I wish to thank the Senator from Indiana. My feeling was that when there was need for a dis-

aster loan in an agricultural area, it should be handled by the Farmers' Home Administration. Under the bill, loans will be handled primarily for business establishments, factories, railroads, and so forth, that may require loans because of a major flood.

Mr. CAPEHART. Yes. I understand that the average disaster loan in the past has been about \$3,000, and the total amount loaned has been about \$18 million. So I would say the making of such loans belongs in the Small Business Administration, which can have offices scattered throughout the United States. I do not know how many offices there will be, but certainly they will be close to small-business men.

In time of flood, it is always the little fellow who gets washed out. I doubt that a better agency could be found to handle such loans.

Mr. HUMPHREY. What about the case of a farmer who might need a disaster loan? Could that also be cleared through the Small Business Administration?

Mr. CAPEHART. Yes. For example, I remember there occurred in Indiana a few years ago a hurricane which destroyed a number of houses in a small town, and then destroyed a great many barns and houses on farms. The RFC handled that situation. Under the proposed legislation, the same Small Business Administration would do exactly as the RFC did.

Mr. HUMPHREY. Would that operation be handled by the Small Business Administration under a separate fund?

Mr. CAPEHART. There would be a separate fund of \$25 million earmarked for disaster loans only. The outstanding balance in the past has been about \$18 million.

Mr. HUMPHREY. Do I understand correctly there would be no conflict between the proposed activity and the Farmers' Home Administration, as related to the Department of Agriculture?

Mr. CAPEHART. None whatever, because the Small Business Administration would do nothing more than what the RFC had done in the past with respect to small-business loans.

Mr. HUMPHREY. In other words, the activities of the Farmers' Home Administration would not be reduced by the new activity?

Mr. CAPEHART. It would have absolutely nothing to do with it, because all that is being proposed is that the new agency be given power to do that which the RFC had been doing insofar as small-business loans are concerned.

Mr. HUMPHREY. I merely wanted to have the legislative history of the bill made clear.

Mr. CAPEHART. I think it well to have had this colloquy.

Mr. LANGER. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. LANGER. I understand from what the distinguished Senator from Indiana has said that the new agency is going to do everything the RFC did.

Mr. CAPEHART. The Small Business Administration can do everything the RFC has done, except that it is limited

to small-business loans of not more than \$200,000 to any single concern.

Mr. LANGER. If RFC is abolished, where will people go who want to borrow \$300,000?

Mr. CAPEHART. If RFC is abolished, and the proposed legislation is passed, limiting loans to \$200,000, such persons would have to be satisfied with a maximum of \$200,000.

Mr. LANGER. Let us consider the situation in the Northwest, as I explained it to the Senator from Indiana the last time the matter was before the Senate.

Mr. CAPEHART. Yes; I remember the occasion.

Mr. LANGER. There was nowhere else in the world for people in the town of Williston, who wanted to build a hotel, to turn except to the RFC. A hotel costing \$800,000 has been built. Oil has been discovered in that region, and if the hotel had not been built, I do not know where the people who have flocked there would have been housed.

The RFC was established under the leadership of the Republican Party, when Herbert Hoover was President. I simply cannot understand why any Republican would wish to abolish RFC, in view of all the good it has done. It has been a great success. It has made a profit of more than \$600 million. True, there have been 5, 6, or 7 bad loans, such as the Lustron and Kaiser-Frazer loans, and perhaps 3 or 4 more we have heard about. But can the Senator from Indiana give any reason why, when a group of people in a small town want to borrow money to build, for example, a hotel, they cannot do what has been done in a great many other places—go to the RFC and borrow from a half million to a million dollars?

Mr. CAPEHART. The RFC was originally created as a depression measure in the best interest of all the people, and was designed primarily to lend money to banks, insurance companies, railroads, and large corporations. There have now ensued from 12 to 14 years of exceptionally fine business conditions. The national income at the moment is the highest in the history of the United States, and the country is very prosperous. The thought is that at present the big fellow can probably take care of himself, and I would say that anyone who wanted to build an 800-room hotel would be a pretty big fellow.

Mr. LANGER. It is the town I am talking about, the people of which get together in an effort to construct a needed project.

Mr. CAPEHART. It would seem as though the big fellows today, under existing conditions, could well finance themselves. In this instance we are proposing to establish a new agency to lend money to the little fellows. It is planned to make this a 100-percent small-business men's agency, to help persons who need \$5,000, \$10,000, \$20,000, \$25,000, or \$50,000 loans, who cannot possibly secure them in any other way. At the moment there is no need to have an agency to lend \$1 million, \$2 million, \$3 million, \$5 million, or \$8 million.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. LANGER. The distinguished Senator from Indiana will recall that the average RFC loan has been \$25,000, so why is it necessary to have a new agency to handle such small loans?

Mr. CAPEHART. That has been the average. But, of course, the RFC at one time loaned, in the case of Kaiser-Frazer, as high as in the neighborhood of \$100 million. I think a \$80 million loan was made to the Baltimore & Ohio Railroad. The RFC has made some very, very large loans. While perhaps the average has been \$25,000, I would say that 90 percent of the money the RFC has loaned has covered not more than 10 percent of the total number of loans.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. LANGER. I simply wish to call the Senator's attention to the fact that the debt of the farmer today is more than it was during the depression. In North Dakota we are in worse shape today than we were in 1932 and 1933 so far as farm loans are concerned. During that time not a single insurance company would lend a dollar in North Dakota. If the pending bill passes, we shall be stifling and wrecking the economy of every small State of the Union, in my opinion.

Mr. THYE. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. THYE. I cannot follow the last statement made by the Senator from North Dakota.

Mr. LANGER. What part of the statement could not the Senator from Minnesota follow?

Mr. THYE. I cannot understand the Senator when he says that if the bill is passed, it will do great injury to the farmers of North Dakota.

Mr. LANGER. Of course it will do great injury to them.

Mr. THYE. Mr. President, will the Senator from North Dakota please explain himself? His general statement could be very detrimental.

Mr. LANGER. I shall be delighted to explain it, so that the simplest man, with the tiniest mind, can understand it.

The prosperity of every small town in the Northwest depends upon the prosperity of farmers. That is No. 1.

During the depression a farmer could obtain absolutely no credit anywhere. Moreover, we established the RFC under the leadership of Mr. Hoover so that some of the big fellows could borrow money. Ninety-four million dollars was loaned to Charles G. Dawes, of Chicago, in the hope that some of the money would trickle down to the little fellow.

The prosperity of such towns as Williston, Fargo, and other towns is dependent upon the prosperity of the farmer. Those towns wish to develop. They have various projects. Under the provisions of the pending bill they could not borrow more than \$200,000 unless they went to some big insurance company and paid whatever interest the insurance company might charge. During the depression insurance companies would not even lend money to the farmers of my State. As Governor at that time I went to every

insurance company in the United States. I remember what I was told in New York by representatives of the Equitable Life Insurance Co. They said, "The only State in which we will lend money is Iowa."

If this bill passes we shall be in the position of compelling all the towns in rural States to go to some large insurance company or to a bank big enough to make a \$200,000 loan. In my State there is not one bank that could lend \$200,000. If a town in North Dakota wanted to borrow enough money to build a project costing more than \$200,000, whether it be a hotel or anything else, it would be compelled to borrow it from some large insurance company or bank.

Mr. CAPEHART. It is my understanding that the RFC has never loaned money to farmers, so we can eliminate the farmers from this consideration.

Mr. LANGER. That is correct.

Mr. CAPEHART. Let us talk entirely about the cities. The RFC has never loaned money to farmers.

Mr. LANGER. That is correct.

Mr. CAPEHART. The farmers do not enter into this picture.

Mr. LANGER. Only indirectly.

Mr. CAPEHART. Therefore the bill would have no effect on the farmers one way or the other. It would not make any difference to the farmers whether we dissolved or retained the RFC.

Mr. LANGER. I submit that the Senator is mistaken. It helps the farmer to have a fine town close to his land. If there is nearby a small town of four or five thousand people, with fine business buildings and a fine hotel, it certainly helps the farmers in that locality.

Mr. CAPEHART. I must disagree with the able Senator in his argument that the Federal Government ought to lend money to build hotels or business places in North Dakota, Indiana, or any other State.

Mr. LANGER. But it has been done for 20 years.

Mr. CAPEHART. I doubt if very much money has been loaned in North Dakota for such purposes.

Mr. LANGER. I am in receipt of a telegram from Mr. W. O. S. Davidson, telling about four big business places in Williston.

Mr. CAPEHART. That is four. How many more have been built?

Mr. LANGER. That is four in North Dakota. I presume there are many such instances in the State of Indiana.

Mr. CAPEHART. I doubt whether a single loan has been made to build a hotel or business property in Indiana.

Mr. LANGER. I should like to see the record. I think my distinguished friend would find that he is mistaken.

Mr. CAPEHART. There may be an exception or two. But generally speaking, I doubt if very many such loans have been made. The Small Business Administration could lend up to \$200,000; and a bank could participate to the extent of \$200,000. The bank could lend \$200,000. That would make a total of \$400,000.

Mr. LANGER. Will the Senator name a single bank in my State which could participate in a loan of that size?

Mr. CAPEHART. I am not that familiar with North Dakota; but I was always under the impression that it was a fine, prosperous State, with many prosperous small businesses and many fine, prosperous farms. I have driven through the State; I have flown over it; and I have traveled through it by railroad. I was much impressed with the prosperity and appearance of the State.

Mr. LANGER. One reason was that the RFC was available to make loans to develop towns within the State of North Dakota.

Mr. CAPEHART. Does not the Senator agree that with business as fine as it has been during the past 15 years, the average merchant in his State is in pretty good shape?

Mr. LANGER. My answer to that is this: Let the Senator go to Minneapolis, to the hometown of the distinguished Senator from Minnesota [Mr. THYE]. I was there not long ago. I found seven business places closed, with "for rent" signs on them.

I repeat that from the standpoint of prosperity the farmers of the Northwest are worse off than they were in 1932. They owe more today than they did in 1932.

Mr. CAPEHART. A week ago Saturday I made a speech with respect to the farmer, to which the able Senator from North Dakota listened. I said in that speech that we would have a depression in this country if we permitted farm prices to continue to go down.

I do not know of any Senator who is more solicitous of the welfare of the American farmer than is the able Senator from North Dakota. I certainly admire him for seeking to take care of the little-business people in his State. I think he should do so. No one intends to do anything that will hurt them; but it is our best judgment that at the moment a limit of \$200,000 is sufficient. Let me say again, as I said when the bill was debated 2 or 3 weeks ago, that if we find that during certain periods of deflation a limit of \$200,000 is not adequate; we can always amend the law so as to increase it to \$300,000, \$400,000, or \$500,000, if conditions call for that sort of action at that time.

We must bear in mind that the House has already passed a similar bill, in which it placed a limitation of \$100,000 to a single borrower. The Senate Banking and Currency Committee increased the limit from \$100,000 to \$200,000, because it was felt that \$100,000 was not sufficient. We feel that \$200,000 is sufficient. If I am a Member of the United States Senate and Chairman of the Senate Committee on Banking and Currency at some future date, and it is proved that \$200,000 is not sufficient, and that there is a great demand for larger loans, which would be in the public interest, I shall be one of the first to recommend that the limit on loans be increased.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. THYE. There is provision for a \$25 million disaster fund. Disaster loans can be made up to that amount.

Mr. CAPEHART. I do not think the able Senator from North Dakota was speaking about disaster loans.

Mr. THYE. The disaster loan fund could meet any conceivable emergency need with respect to which the RFC could have been used to extend aid in the form of loans. In the pending bill there is provision for an emergency disaster fund.

Mr. CAPEHART. Yes.

Mr. THYE. When the committee recommended a limit of \$200,000, I was more than pleased with that provision in the bill, because our best judgment when we drafted the Small Business Administration bill was that \$100,000, or possibly \$150,000, would reach every conceivable type of small-business man who might be seeking a loan.

This measure is declared to be a small-business man's bill. If we go beyond \$100,000 or \$150,000, in making loans, we tend to enter the field of unlimited aid. Therefore when the committee recommended a limitation of \$200,000 in the pending bill, that was far in excess of what we had hoped for when we introduced the proposed legislation. It certainly should meet every conceivable type of small-business man's need. I believe that that statement would apply to North Dakota or any other State.

Let me say to the distinguished Senator from North Dakota that the RFC found itself in difficulty when it ceased to function in accordance with the manner intended when the legislation creating it, which was sponsored by the Hoover administration, was enacted. When the agency went beyond what the Congress intended when it enacted the legislation, it was then that the governmental function found itself in bad repute.

Mr. CAPEHART. I wish to commend the able Senator from North Dakota for bringing this subject to our attention. It is evident that the RFC has been very helpful to the people of his State. As I stated a moment ago, he is always looking after the best interests of his State. I think other Senators ought to do likewise with respect to their own States.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LANGER. The RFC was not created for \$25,000 loans or \$50,000 loans. One of the very first loans made was a loan of \$94 million to a former Vice President of the United States. The RFC took care of railroads which were in difficulty. It took care of banks which were in difficulty. I do not see why we could not leave it exactly as it is, so that it could be used tomorrow to meet similar situations.

Mr. CAPEHART. It was thought that very probably there would be returned to the Treasury of the United States perhaps four or five hundred million dollars. If that could be done, it would be well to do it. One of the complaints I have with Government is that there is so little flexibility to it. For example, the RFC met a definite need when it was enacted, and it was needed possibly up until a few years ago. My idea of Government is that there ought to be

more flexibility to it; that when something needs to be done the Government ought to do it quickly, and when an agency of the Government created for that purpose has served its purpose, the Government should dissolve it. If a need for such a service should arise again in 2 or 3 or 4 years, the Government can set up such an agency again. That is the way businesses are operated. Changes are made from time to time, depending on conditions. I do not believe a very cogent argument can be made for the continuance of the RFC, if, in lieu of it another agency is provided to make loans to small businesses.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CAPEHART. I believe we should eliminate RFC now, and turn back to the Treasury the several hundred million dollars it has, which are badly needed, particularly at this time. If in 5 or 10 or 15 years from now—or perhaps 2 or 3, or maybe 20 years from now—there develops such an economic situation that the RFC, or a similar organization, is needed, we should not hesitate to create it. However, as a Government and as a Congress, we should learn that just because something is good today does not mean that it will be good 5 years from now, for example. We ought to have more flexibility in Government. We should do that which is needed to be done, and do it quickly, and do away with an agency when it is no longer needed. That is a good example of my philosophy in that respect.

Mr. LANGER. Mr. President, I will not take further time of the Senator from Indiana. I shall speak in my own time later.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. CHAVEZ. Generally, I would agree with what the Senator from Indiana has stated, but some of us believe conditions are bad now. They are bad in my State. In New Mexico thousands of people are out of work who could find employment if such an organization as RFC would make loans to enterprises which require aid. It is all right to say that an agency should be set up when it is needed, and should be dissolved when the need disappears. The fact is we need the RFC now. I venture to say to my good friend from Indiana that it will not be 6 or 10 years from now when an agency to make loans to small-business men will be needed. Such an agency is needed and the need will continue, if conditions do not improve but remain as they are today.

I had a conference last week with persons interested in mining in the West. Are we going to let them sink? Mining conditions are bad in New Mexico, and many miners are out of work. They are bad in Arizona, Colorado, and Idaho, in which States thousands of people are out of work. I do not say that the Government should give money away, but it should help to stimulate business activities, and in that way make possible the employment of many people.

I can see no reason for doing away with RFC at this time. If a bad loan is

proposed, it should not be made. At least we should make possible the granting of loans when business and economic conditions require that they should be made.

Mr. CAPEHART. It is a part of the program of the administration to dissolve RFC at this time and to create a new small-business agency. I hold in my hand a letter which I received from the President of the United States. It reads:

JULY 20, 1953.

Hon. HOMER E. CAPEHART,
United States Senate,
Washington, D. C.

MY DEAR SENATOR CAPEHART: It was gratifying to learn that on July 16 the Senate Banking and Currency Committee ordered reported a bill which implements the program of the administration in that it creates a Small Business Administration and accelerates the termination of the lending powers of the Reconstruction Finance Corporation and its liquidation.

We have considered S. 1523 in the form in which it was ordered reported and find that in general its provisions are in keeping with the program of the administration.

The public interest requires that the capacity of small business be both encouraged and developed. I believe that S. 1523 will help us achieve such an objective.

Sincerely,

DWIGHT D. EISENHOWER.

The pending bill is a part of the program of the administration and the letter I have read shows that the President of the United States recommends the passage of the pending legislation.

Mr. THYE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from Indiana yield to the Senator from Minnesota?

Mr. CAPEHART. I yield.

Mr. THYE. I wish to say that after the bill was drafted by the Legislative Drafting Service in accordance with what I thought small business needed, after having conferred with many influential small-business associations, I submitted it to the Department of Commerce and to the administration, thus giving them an opportunity to examine the proposed legislation and to express any opinion they cared to express about it, or to criticize it, if they desired to do so, and in that way aid me in perfecting the bill.

Therefore, I am indeed happy to learn that the President and the administration approve the legislation which the committee has recommended. I was very happy to hear the President's letter read by the distinguished Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. It has been the program of the administration from the very beginning that RFC be dissolved and that a new agency be set up to take care of small business.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. CHAVEZ. Of course, I have the greatest respect for the administration—for any administration of our Government—but the point I wish to make is that it is not so much the administration that counts, but the American people themselves. If the proposed legislation

takes care of the necessities of small business, or even big business, well and good. I am not opposed to big business because I believe it is necessary to our country and to our economy, but it is particularly important that small business not be forgotten. If the bill which is now being discussed will take care of the needs of the American small-business men, to that extent I have no objection to it, but I do not see any particular reason for doing away with an existing agency which has authority to make loans when they are needed.

Mr. CAPEHART. Of course, the RFC handles many problems and projects and functions other than loans of money to small business. The RFC has many functions. For example, it has jurisdiction over tin and rubber, and it makes section 302 defense loans, Federal Civil Defense Administration loans, and it has many World War II liquidating activities.

Mr. CHAVEZ. And disaster loans.

Mr. CAPEHART. It has to do with disaster loans. What the President is recommending and what we are proposing to do is to transfer certain RFC activities to other agencies. What the able Senator from New Mexico is discussing, namely, the lending of money to small business, of course, is not eliminated. It is merely provided for in a new agency, and the size of the loans is reduced compared to what it previously was.

Mr. CHAVEZ. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. CHAVEZ. I wish to get oriented as to the purpose of the legislation which is being discussed. As I understand, its purpose is to create an agency which is to perform functions now reposed in RFC, and that the new agency would make loans to big business and to small business, if necessary. Am I correct?

Mr. CAPEHART. Only to small business. The bill contains a definition of small business. In other words, even \$200,000 can be loaned only to what is defined as a small business. It could not make a loan of \$200,000 to General Motors or to du Pont.

Mr. CHAVEZ. Probably they would not need it.

Mr. CAPEHART. Probably they would not need it, but under the RFC Act such a loan could be made.

Mr. CHAVEZ. I have heard complaints about senatorial influence in this and that, and I have known people in my State, wool growers, who would have gone broke if small loans had not been granted to them. I should like to tell the Senator of a good Republican friend of mine. As a farmer with fine land and fine sheep, he may need a loan of \$50,000 in order to get by. If such a loan is made to him, he will be able to save his land and his sheep and will be able to become a successful producer.

The fact that he happens to be a Republican does not matter.

Mr. CAPEHART. Let me say that the idea behind an agency of this sort is that instead of making a loan of \$10 million to 1 person or 1 institution, a

total of \$10 million will be loaned to a number of small-business men.

Mr. CHAVEZ. That is right.

Mr. CAPEHART. In other words, a number of small loans will be made, instead of a few large ones, such as a loan of \$20 million to one person and a loan of \$50 million to another. By making a number of small loans, it will be possible to help more small-business men. That is what we are endeavoring to do.

Mr. CHAVEZ. I believe in that. Of course, if only one person can buy a steak, the butcher will not have much business; but if 100 people are able to buy steaks, the butcher will be able to get by.

So I should like to see such an agency of the Federal Government in a position to make many small loans.

Mr. CAPEHART. Let me say that from the inception of the Reconstruction Finance Corporation, through March 31, 1953, that agency made 63,300 regular business loans. Ninety percent of those loans were in amounts of \$100,000 or less.

So when we who serve on the Senate committee voted to increase the limit on loans fixed by the House of Representatives from \$100,000 to \$200,000, we were being very liberal, based upon the previous experience of the RFC.

Mr. LANGER. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. LANGER. Then, would there be discrimination against big business? Is not big business entitled to everything small business is entitled to? Is not big business entitled to a square deal, in the same way that small business is?

Mr. CAPEHART. Of course.

Mr. LANGER. The theory of Anglo-Saxon law has always been that no matter whether a man is rich or poor, he will receive fair treatment in a court of justice. So why should Congress give to small business all the advantage in connection with such loans?

Mr. CAPEHART. The point is that, having a limited amount of money to loan, it is better to loan it to 1,000 small businesses, rather than to loan it all to one large concern.

Mr. LANGER. There is no reason why both could not be done.

Mr. CAPEHART. That is another subject.

Mr. LANGER. For instance, at the present time a large cooperative cannot get a loan to save its soul, although in the past it has been able to get such loans from the RFC. Some of the larger cooperatives need large sums of money, but are not able to get them now, despite all the loan laws. However, in the past they have been able to get them through the RFC. Why should such a change be made?

Mr. CAPEHART. It would seem that in view of business conditions in recent years, they should be in good condition at the moment. If they are not, I do not know in what sort of business climate they could operate and be in good condition.

Mr. THYE. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. THYE. My good friend, the Senator from North Dakota, is trying to make the legislative history in connection with the bill, so as to make certain that distressed businesses will be taken care of.

The Senator from North Dakota referred to cooperatives. They have never obtained loans from the RFC. They have obtained loans from the Cooperative Bank and from the Farm Credit Administration. Those agencies are in the field not only to make loans to the agriculturalists, but also to make loans to the cooperatives, in connection with every conceivable type of their operation and expansion.

Mr. LANGER. Mr. President, will the Senator yield further to me?

Mr. CAPEHART. I yield.

Mr. LANGER. The distinguished Senator from Minnesota knows that the RFC has made large loans to cooperative institutions.

Mr. CAPEHART. Let me say that I do not think the RFC made a great many loans of that sort, because other agencies have made loans to cooperatives. I doubt that the RFC has made very many loans to cooperatives.

Mr. LANGER. The RFC has made some loans of that sort.

Mr. SMATHERS. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. SMATHERS. Will the Senator from Indiana comment about the structure of the proposed Small Business Administration? Will it have offices located in most of the States? For example, will it have offices in areas in which the RFC has had offices?

Mr. CAPEHART. The Small Business Administration will be authorized to operate in about the same way that the RFC has been operating. It is my understanding that the Small Business Administration will have such offices, and is authorized to have them.

Mr. SMATHERS. Of course, there are many small-business men who find it difficult to come to Washington in order to obtain loans.

Mr. CAPEHART. I am certain that the Small Business Administration will have business offices all over the United States.

Mr. SMATHERS. Then does the Senator from Indiana assume that the Small Business Administration will use the offices previously used by the RFC in certain States?

Mr. CAPEHART. Possibly it will use some of the old RFC offices, and possibly some of the old Small Defense Plants Administration offices. Both those organizations are being dissolved, and both have field offices. I assume that in some cases the Small Business Administration will use the RFC offices, and in other cases will use the Small Defense Plants Administration offices.

Mr. SMATHERS. But it is the purpose that the new agency shall have sufficient field offices, is it?

Mr. CAPEHART. Yes.

Let me read the position of the bill in that respect:

The principal office of the Administration shall be located in the District of Columbia,

but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration.

So the bill does not place a limit on the number.

Mr. SMATHERS. At the moment does the Senator from Indiana have any idea about the manner in which the loans will be made? For example, how will the new agency determine the interest rate?

Mr. CAPEHART. It will be determined by the Loan Policy Board. On that point, let me say that when we debated the small business measure several weeks ago, there was much complaint about the Board. At that time, under the proposal of the House of Representatives, the Board was to consist of the Administrator, the Secretary of the Treasury, and the Secretary of Commerce, with the Secretary of the Treasury as chairman of the Board. It was to be a policy board, not only as to loans, but also as to general management.

In our committee we made a change in that respect, so far as the pending bill is concerned. We provided that the Board shall consist of the Administrator, the Secretary of the Treasury, and the Secretary of Commerce, with the Administrator to be the chairman, rather than to have the Secretary of the Treasury be the chairman. Similarly, we used in connection with this phase of the matter the same language that we used in the RFC Act, setting up a Loan Policy Board composed of these three men to determine loan policies, with no supervision over the general operations. In other words, the bill as now reported is exactly the same, in respect to the Board and the loan policies, as the RFC Act—no more and no less.

Mr. SMATHERS. I think that is an excellent suggestion, and I wish to commend the chairman of the committee and the other members of the committee, because if the Secretary of the Treasury, for example, were chairman, his attitude insofar as interest rates for small businesses were concerned, might be different from the attitude or ideas of the Administrator of the Small Business Administration; and, as a result, small businesses might suffer.

Mr. HUMPHREY. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. HUMPHREY. First, I wish to thank the Senator from Florida for his questions, because they have been in the area in which I wished to obtain some clarification.

As I notice from the report, the views which were stated on the floor of the Senate, particularly by the Senator from Alabama [Mr. SPARKMAN], in reference to the organization of the Loan Policy Board—namely, that it merely should be generally advisory—have now been upheld by the committee. Is that correct?

Mr. CAPEHART. Yes. The Senator from Minnesota remembers that when we debated this matter before, we had before us a conference report, and we had either to accept it or to reject it. That measure was not reported from the Sen-

ate Committee on Banking and Currency.

It has been only recently that the Senate Committee on Banking and Currency has had a chance to propose amendments on this subject and to hold hearings and to write the measure as we thought it should be written.

Mr. HUMPHREY. Do I correctly understand that the interest-rate policy will be determined by the Administrator?

Mr. CAPEHART. In that respect the language of this bill is the same as the language of the RFC Act has always been. The RFC Act never set the interest rates, and nothing in this act will set the interest rates. That matter is to be left up to the Administrator and the Board.

Mr. HUMPHREY. However, I suppose it is the understanding of the chairman and of the committee that the interest rate would at least be not more than that which would prevail in the private money market, and would tend to become less than the rate in the money market.

Mr. CAPEHART. Certainly at the moment it would be exactly the same as that of the RFC, which, generally speaking, is about 4 or 4½ percent.

Mr. HUMPHREY. I assume that as the small-business activities of RFC are transferred, an effort will be made to see that the same situation will prevail during the transition period, and that the same policies will be adhered to. Is that correct?

Mr. CAPEHART. The language of the pending measure is exactly the same as the language of the RFC Act, so far as it concerns matters of policy governing loans by the Board. Section 6 of the old act, the old RFC Act, reads:

GENERAL POLICY

The Loan Policy Board shall establish general policies, particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Corporation, and with reference to the coordination of the functions of the Corporation with other activities and policies of the Government, which shall govern the granting and denial of applications for financial assistance by the Corporation.

In the Senate committee we changed the House language, and used exactly the same language as that which I have just read.

Mr. HUMPHREY. May I ask the Senator a further question in reference to the loan limitation, to which the Senator from North Dakota directed his attention?

Mr. CAPEHART. I yield.

Mr. HUMPHREY. As pointed out, the House bill provides for a maximum of \$100,000.

Mr. CAPEHART. That is correct.

Mr. HUMPHREY. The Senate bill fixes the maximum at \$200,000. That was based largely on the committee's review of the activities of the RFC, as I understand, with respect to small-business loans. We expect to be in conference on this bill, and when we go to conference, on the basis of what little experience I have had as a conferee on the part of the Senate, we may expect that the House will be rather adamant and will take a

rather strong and determined position. I have great regard for the Senator from Indiana, who I am sure will be one of the conferees, and I merely wish to express the hope that his perseverance and his adamancy in reference to the \$200,000 figure will be all inclusive. I think the \$200,000 figure will, in the main, be adequate in the vast majority of cases. But did the Senator give consideration to the wisdom of having an emergency provision adopted, whereby the Loan Policy Board could grant an exception, let us say, up to \$300,000? I think the Senator from North Dakota has made a good point. Undoubtedly small business frequently requires more than \$200,000.

Mr. CAPEHART. I agree that the Senator from North Dakota has a good point, I do not believe anyone is wise enough to know whether the maximum should be \$200,000, \$300,000, or \$400,000. But if the ceiling were placed at \$500,000, there would still be the same argument; there would always be those who needed a loan of \$600,000 or of \$700,000. The purpose at the moment is to set up an agency for small business, and to see what happens. Perhaps the figure will have to be increased, since it is impossible to foresee what may be required in the future.

I may say in all fairness that, if a person needed \$300,000, and he could borrow \$200,000, an injustice might be done. If we were to set a limit of \$1 million, it would still be found that there would be applicants who needed \$1.5 million, and if it were raised to \$2 million, there would probably be those who would want to borrow \$3 million—and they might need it.

Mr. HUMPHREY. I am sure there is no convenient cutoff point which would satisfy the wants of everyone. My thought was that possibly a provision could be included in the bill which would afford some flexibility. As it is, \$200,000 represents the ceiling. There is also provision for a loan policy review board.

Mr. CAPEHART. We considered that question in committee, and decided against it, at this time. We can amend the law during the early part of next year, if amendment is found to be desirable, and if it is discovered that the measure now under consideration does not work well.

Mr. THYE. Mr. President, will the Senator from Indiana yield for a question?

Mr. CAPEHART. I yield.

Mr. THYE. In the event of a great disaster, is it not possible that \$300,000 or \$500,000 might be needed in order to assist some small-business establishment found to be in a very critical condition? If the situation were recognized as being beyond the control of the owner of the business and as being due to a disaster, could he not then apply for a much greater loan? Is there not a mention made of a ceiling of \$25 million?

Mr. CAPEHART. That has reference to disasters resulting from an act of God.

Mr. THYE. If such an economic condition that a businessman could neither obtain a loan from a banker nor be financed through normal channels, there would have to occur almost a catastrophe or a disaster, to enable him

to obtain an adequate loan. Possibly a big business might then qualify under the \$25 million provision.

Mr. CAPEHART. Mr. President, I wish the Senate would accept the limit of \$200,000 as being possibly as good as any figure we can fix at the moment. Then we could take another look at the subject next year.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Does the Senator feel himself to be in full vigor as he goes to conference on this bill, so that the \$250,000 figure is fixed indelibly in his mind?

Mr. CAPEHART. I assure the Senator I shall do as well as one man can be expected to do, representing 96 Senators against 435 Representatives. [Laughter.]

Mr. HUMPHREY. The odds are a little rough, I may say. Will the Senator yield for a further question?

Mr. CAPEHART. I yield.

Mr. HUMPHREY. Under the memorandum to which reference has been made, the Treasury, as the Senator says, is to liquidate the public agency loan activity of RFC.

Mr. CAPEHART. Yes.

Mr. HUMPHREY. As I understand, with respect to the public-agency loan, frequently when we pass legislation under which an immediate transfer of funds is needed or loan authority is needed for another governmental agency, we have permitted it to go to the RFC. Is that correct?

Mr. CAPEHART. Yes. We have used the RFC for many, many purposes by direct legislation. It would be possible to use the Small Business Administration for the same purpose, if desired.

Mr. HUMPHREY. In other words, the Small Business Administration would be the exclusive recipient of this grant of authority.

Mr. CAPEHART. I have just recalled that the Congress, by legislation passed some years ago, directed the RFC to loan, I do not know how many millions of dollars it was, to Great Britain.

Mr. HUMPHREY. We have taken such action through emergency legislation with respect to certain countries, the names of which I do not now recall, but when we have established certain programs for financing which immediate funds were required, we have given a directive to the RFC.

Mr. CAPEHART. The same thing could be done in the case of the new Small Business Administration.

Mr. HUMPHREY. What about RFC loans to public agencies, such as local governments and municipalities?

Mr. CAPEHART. That authority would be liquidated under this bill. It would exist no more.

Mr. HUMPHREY. In such cases the Senator sees no relief in sight under any provisions of law. Is that correct?

Mr. CAPEHART. That is probable, with respect to public-agency loans. The Treasury Department is to liquidate such loans, under the bill we are considering this afternoon. Heretofore, the

RFC has been permitted to make loans to a city, county, or State for the purpose of constructing a water plant or a sewage disposal plant, or for any other public works. That is not included in the pending measure. It is being eliminated entirely.

Mr. HUMPHREY. Does the Senator feel that that is a desirable elimination? Many municipalities have received a large amount of assistance from the RFC, when unable to procure other appropriate financing.

Mr. CAPEHART. I should think that when a need existed for such financial help, it should have been provided for by separate legislation and handled separately, rather than to have been placed even under RFC.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from South Carolina.

Mr. MAYBANK. I appreciate what the distinguished Senator from Indiana has said. I do not know whether he will agree with me in what I am about to suggest. I signed the report on this bill. In answer to the Senator from Minnesota, I may say that, as former chairman of the committee, I have had numerous telegrams on the subject of loans which have been held up as the result of legal complications and legal action.

I took the liberty this morning of talking to the Administrator about these loans, and the question of the authority to make them. I was told that it had been necessary to take the matter to the Supreme Court. I do not mind mentioning that one instance occurred in my own State, where it was found necessary to go to the Supreme Court. The Supreme Court of the State of South Carolina only decided the case on June 20 of this year. It decided that the loan was legal. It decided that new money was needed. The water supply was contaminated, and the people had to carry water for their various uses.

The administrator told me they expected to transfer the loans to the Treasury Department. So I asked him if I could send a telegram to that effect to those in South Carolina who were affected, and he said I could. I could have done so, anyway, of course, but I wanted to make certain that there was no question about it.

I think there are some communities which will suffer greatly unless some loans are made available to them.

Mr. CAPEHART. The Senator understands that under the housing legislation, loans are authorized to be made for such purposes.

Mr. MAYBANK. But those are in defense areas.

Mr. CAPEHART. Yes. That is beyond what we are discussing. Let me say that the RFC, under the provisions of the proposed legislation, will continue to make loans for 60 days, and there is no reason why during that period it should not process loans such as those about which the Senator from South Carolina is speaking.

Mr. MAYBANK. I quite agree with the Senator, but a long procedure is

necessary to be followed. I spoke of a loan which the RFC made in 1951. Frankly, the RFC was perfectly fair and the Administrator was perfectly fair. The Administrator said he would transfer the contract to the Treasury.

I think there should be something in this bill whereby a municipality the water of which is contaminated should be able to borrow money.

Mr. SALTONSTALL. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. SALTONSTALL. Mr. President, New England is a section where industry is largely composed of small industries. I have prepared a brief statement in which I give as the reasons for my support of the bill, the importance of what has been done for New England by the Small Defense Plants Administration and the RFC in connection with business loans, tax amortization, allowances, certificates of competency, disaster loans, and so forth. The statement contains a brief summary of the dollar value of SDPA assistance to small business in New England in the past few years.

I ask unanimous consent to have the statement printed in the body of the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SALTONSTALL

I come from a State in which the backbone of our industrial life is made up of small-business concerns. I can speak, therefore, from first-hand knowledge as to the need for the services that would be rendered by the Small Business Administration provided for by S. 1523. Very real contributions have been made to the small-business firms of Massachusetts and New England by the Small Defense Plants Administration. There is a continuing place for the role which the SDPA has filled.

In the field of procurement, it is important for the small-business man to be able to go to an agency which can guide him through the mazes of directives and regulations which govern the procurement procedures of the many Government agencies which buy things for Government use. Advice to the small-business man in dealing with these agencies can best come from another Government agency whose main job is to further the best interests of small business.

In June 1953 the New England regional office of SDPA assisted small-business firms in obtaining contracts worth \$2,445,000. In May, the comparable amount was \$3,261,000; in April, \$500,940; in March, \$1,930,000, and in February, \$1,007,000. One company for which such assistance was particularly vital, because it is a company that has had a hard time recently, was the Waltham Watch Co. SDPA assisted Waltham in obtaining a \$2 million subcontract for precision parts from the Hoitzer Cabot Co.

In addition to assistance in obtaining procurement contracts of the usual type, one of the functions of SDPA has been the negotiation with the defense procurement agencies of set-aside procurements for the particular benefit of small business. Since it first undertook this job, SDPA has made possible the negotiation of 122 set-aside contracts with Massachusetts firms in the gross amount of \$23,580,912.

Another form of SDPA help to small business has been the issuance of certificates of competency testifying to the ability of a small firm to handle a specified type of Government contract. The total value of such certificates issued in New England is \$3,571,7

594. As a result of these certificates, six contracts amounting to \$1,456,866 have been awarded to Massachusetts firms.

The business obtained by small firms by means of certificates of competency is business which they could not have obtained without the certificates. Since in most, if not all, cases they obtained it because they were the low bidders, the Government saved whatever was the difference between their bids and the next higher bids.

Between January 1, 1953, and June 30, 1953, a total of \$4,361,914 was obtained in tax amortization allowances for small business in New England. Although big companies have obtained much larger amounts, without SDPA the tendency of big business to grow bigger would have accelerated faster than it has.

The SDPA activities to which I have referred—assistance in obtaining contracts, joint determination of set-asides, certificates of competency, and tax-amortization allowances—should be among the functions of a permanent agency. S. 1523 would establish such an agency organized and aimed at furnishing these forms of assistance to small business. This alone makes it, in my mind, a good bill.

The Small Business Administration provided for by S. 1523 would be a completely independent agency. This, in the opinion of the many Massachusetts businessmen who have written to me on the subject, is a very important feature. A small business agency should have as its primary responsibility the assistance of small business. The experience of the last 10 years has made that inescapably clear. I am glad, therefore, that the Senate Committee on Banking and Currency has corrected the feature of the Hill bill which was recently before us and which would have made the head of the Small Business Administration subject to the direction and control of the Secretary of the Treasury and the Secretary of Commerce. The present bill wisely confines their advisory functions to the field of loan policy.

In the lending field, a small business agency can help to overcome the financing difficulties which are the most stubborn obstacles in the way of putting a new and struggling small business on its feet. To the extent, of course, that private capital can be obtained from commercial banks through the assistance of State and local agencies, the Federal Government has no business in the lending field. But it often happens that new enterprises are not in a position to offer security which would justify a private lender in risking its capital.

State governments, moreover, have been slow to meet the needs of new enterprises by setting up agencies whose function it is to advance or to guarantee the needed funds. My own State of Massachusetts, I am glad to say, has been among those which have taken the lead in establishing a business development corporation. There remains, nevertheless, an important place for Federal assistance in furnishing loans which do not fall within the scope of any State agency's power and loans in States where no such agency has yet been established.

Between May 1, 1952, and June 30, 1953, loans to small New England firms totaling \$3,703,000 have been recommended by SDPA and approved by the Reconstruction Finance Corporation. In Massachusetts a total of nine loans to small businesses has been approved since the establishment of SDPA. The average loan was \$160,000; the total is \$1,443,750. In the light of this experience, the decision of the Committee on Banking and Currency to fix the Small Business Administration's loan ceiling at \$200,000 seems to me sound.

I also commend the addition of loans to the victims of unnatural disasters to the lending powers of the Small Business Administration. There has never yet been a

disaster which found all its victims completely prepared to recover from it. Insurance coverage is often lacking or incomplete. The cash reserves of families and business firms are often inadequate to absorb disaster losses uncovered by insurance.

For people who cannot meet disaster losses either out of insurance or out of their own reserves, but who are not so seriously situated as to qualify them for Red Cross assistance, a timely loan can make the difference between carrying on and going under.

Many families and firms find it impossible, however, especially on short notice, to offer adequate security for a commercial bank loan. In such a situation a governmental agency should be at hand to lend money upon whatever security can be offered, but without insisting upon the impossible. We cannot ask commercial banks to bear that type of risk, even though it may in fact be small.

Disasters strike without warning. They are no players of favorites among the States. Sooner or later all are struck, but fortunately the intervals between catastrophes to a particular region or a particular State are often long. It would be impractical, therefore, for a State government to set up a disaster loan agency to make loans for the relief of a single disaster without, perhaps, being called upon to make any additional loans for 5 or 10, or 20 years and with no function in the meantime except to collect interest and principal on the original loans. If any governmental agency is to make disaster loans, therefore, it should be one operating on a nationwide basis, capable of going to the rescue in every major disaster, wherever it occurs. These considerations demand a Federal agency.

To meet the need for a Federal disaster loan agency, the Disaster Loan Corporation was set up on February 11, 1937, by Public Law 109, 79th Congress. On June 30, 1945, its functions were transferred to the RFC. In almost 500 declared disaster areas the RFC and its predecessor agency have made loans to nearly 30,000 individuals and businesses with a total dollar amount of \$87 million. Losses on these loans, including loss of interest payments, have been less than 5 percent to date. About 3,400 loans in a total amount close to \$17 million are presently outstanding.

Whatever may be the considerations affecting other lending functions of the RFC, it seems to me clear that the power to make disaster loans is a power which should be available to some Federal agency. Between the alternatives of establishing a wholly separate corporation and of including disaster-lending powers among the powers of a small business administration, I think that the decision made by the committee is fully justifiable. Although disaster loans are made and administered on a basis necessarily very different from business loans, there are obvious objections to having two separate Federal lending agencies, each of which would be operating in a rather limited sphere.

For the reasons I have outlined, I wholly support Senate bill 1523 and shall vote for it with enthusiasm.

Mr. SMATHERS. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. SMATHERS. Following up what the Senator from South Carolina said regarding municipal waterworks and municipalities not having any place to go in order to borrow money, I will say to the Senator that I know of a case in Florida where an effort is being made to establish an international trade mart. The municipality and the State have advanced money for the purpose, and

they are trying to get some money from the Federal Government. It is deemed to be in the general interest of the United States and the people of South America. If the RFC is abolished, does the Senator from Indiana have any idea where persons who are seeking such public-interest loans may go for them in the future?

Mr. CAPEHART. Not other than banks, insurance companies, and private lenders.

Mr. SMATHERS. In other words, the Senator does not have in mind creating some other agency which might, under conditions which require it, authorize the Federal Government to participate in what might be termed public loans?

Mr. CAPEHART. We are talking about dissolving the RFC and establishing a new small-business agency with a \$200,000 loan limit. We shall have to see how it works. If there is great need for such a plan as that to which the able Senator from Florida refers, I think Congress should take action, just as it has done when there has been great need for public works in cities which could not afford to provide them. In such situations I think we should consider taking appropriate action, but I believe we have gone as far in this bill as we can go in one bite, so to speak.

Mr. SMATHERS. Then would I be correct in telling my people that on the death of the RFC there is no agency to which they can look for any assistance from the Federal Government?

Mr. CAPEHART. That is correct. But I am very much interested. I think we might have to take some action along that line later.

Mr. SMATHERS. Where flood conditions have occurred and disaster loans were needed the RFC has been of great assistance. I understand the limitation on loans is 10 years. In the case of disaster loans, does the same rule apply?

Mr. CAPEHART. The provision is generally the same as that found in the RFC legislation.

Mr. SMATHERS. If a person who asks for a loan does not look like a particularly good risk and cannot pay it back in 10 years, there is no provision for a longer time, is there?

Mr. CAPEHART. Section 207 (b) authorizes loans to unfortunate victims of floods or other catastrophes in accordance with general policies prescribed by the Small Business Loan Policy Board. It is provided that no such loan, including renewals and extensions, may be made for a period exceeding 10 years, except that where the loan is for acquisition or construction of housing for the personal occupancy of the borrower, the loan may be made for a period not to exceed 20 years.

Mr. SMATHERS. I thank the Senator.

Mr. HUMPHREY. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. HUMPHREY. Let us consider, for example, the recent flood in Kansas City. Would the loans extended in that situation be applicable to the building of sewers, water mains, curbs, gutters, and streets?

Mr. CAPEHART. I think they might, if the Loan Policy Board so ruled.

Mr. HUMPHREY. The Loan Policy Board is not restricted?

Mr. CAPEHART. I do not think it is restricted. If the RFC in the past has been able to do it, this new agency will also be able to do it, because the same language is in both acts.

Mr. HUMPHREY. I am concerned about the limitation of public agency loan activities. I notice that under section 302 such loans will be transferred elsewhere.

Mr. CAPEHART. Yes.

Mr. HUMPHREY. The tin and rubber divisions of RFC will be transferred. But with respect to public agency loans I am really concerned that, in view of the limitation upon housing and home financing, which is for defense areas, hundreds of municipal jurisdictions and political subdivisions will be left out on a limb. I am wondering if there is not something we can do to transfer that function to another agency, Housing and Home Finance, for example.

Mr. CAPEHART. Under the Housing Act, in defense areas they are authorized to do such things. My best judgment is that if there is need for loans of that sort on the part of the Federal Government, possibly a new agency should be created, rather than to have them made by the Small Business Administration, because that agency is to make loans to small business, to pass upon, an entirely different type of personnel is required than is required in connection with a loan to a city for waterworks or for a sewage disposal plant. Such matters are highly technical and an entirely different kind of personnel is required to pass upon the blueprints and the specifications. So if it is found next year there is need to provide for such loans I think there should be an entirely separate agency to handle them.

Mr. MAYBANK. Why cannot the making of such loans be transferred at this time to some other agency, because, very frankly, there are constitutional provisions in many States which forbid certain things. For instance, some States will not permit communities, townships, or counties, whose bond debt limit is set at a certain amount, to raise the debt limit except by having the taxpayers approve it, which involves a long process, and frequently court proceedings. On the other hand, the Congress of the United States can change the debt limit of the United States at any time it desires. Of course, I hope it will not be changed. Do not misunderstand me. I am merely trying to draw a parallel between a community, county, or township which is bound by the provisions of a State constitution. I hope the Senator from Indiana will consider this question, before the bill is passed. It has been very well written and explained by the chairman.

If an epidemic should strike a municipality, or if some other emergency should arise, there should be some agency to which the municipality could turn, because it might be prohibited by State constitution or State law from in-

creasing its debt limit, or obtaining money anywhere else.

Mr. CAPEHART. I have ascertained that during the entire 12 months of 1952 there was authorized only \$25 million in the way of loans of the type about which the Senator from South Carolina is speaking.

Mr. MAYBANK. I am always concerned about the welfare of small communities. Twenty-five million dollars might have meant the saving of a thousand lives.

Mr. CAPEHART. During the entire calendar year 1952, the RFC authorized only \$25 million worth of such projects as we are now discussing, so the amount was not large.

Mr. MAYBANK. Twenty-five million dollars would mean much to small communities.

Mr. CAPEHART. That is my point.

Mr. MAYBANK. It is my point, too. I am fortunate enough to come from a State that does not owe the RFC one dollar. All its loans have been paid.

However, in connection with \$25 million to which the Senator referred, the lives of a great many people might have been affected if the provision for such loans had been terminated and municipalities could not have obtained funds.

I think it should be possible to have the funds transferred from the Treasury. Of course, if a loan is an improper one, or if anything is wrong about a request, the loan should not be made.

Mr. CAPEHART. Under the bill the Senate is considering, public agency loans are to be transferred to the Treasury, but only for liquidation purposes. Is it the Senator's thought that loans now in existence should be liquidated and that new loans should be made?

Mr. MAYBANK. A new loan should be made in cases where a public agency cannot obtain a loan from a bank or an insurance company, and where it is for the good of the health of a community.

Mr. CAPEHART. I do not believe the committee considered that phase of the matter.

Last year the amount would have been only \$25 million.

Mr. THYE. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. THYE. I believe the distinguished Senator from South Carolina has a point when he speaks about municipalities not being able to finance themselves if they are hit by emergencies that affect their water supply or are struck by other disasters which might occur in a township. For instance, the sewer system of a municipality might be destroyed or affected by a major flood. That would be an emergency; and because of the nature of the emergency, the community could come under the \$25-million-fund provision and obtain a loan.

My colleague the junior Senator from Minnesota [Mr. HUMPHREY] and I observed the flood conditions at Crookston. The water was above the city streets in many areas. Only a ripple could be seen in the water where the power dam exists because the water was 10 or more feet above the dam. We knew that the

sewer system, the water system, and the streets were in jeopardy.

Mr. CAPEHART. Under those circumstances, the community could have obtained a disaster loan.

Mr. THYE. That is exactly what I am trying to bring out for the benefit of the Senator from South Carolina. Such a situation is a catastrophe, and the fund of \$25 million would be available to handle it.

Mr. MAYBANK. I suggest it only because I am acquainted with the matter of disaster loans. The distinguished senior Senator from Minnesota was a member of the committee at the time when I was chairman. I believe I appointed the Senator to go to Kansas City and some other places.

Mr. THYE. No; unfortunately I did not go on that trip. It was the senior Senator from Kansas [Mr. SCHOEPP] and the junior Senator from North Dakota [Mr. YOUNG] who went to that area.

Mr. MAYBANK. The Senator is correct. My thought is that if a \$25 million limitation were kept in the bill and a real disaster should occur, that amount would not go very far, as the Senator can well understand.

Mr. THYE. But there is also the President's emergency fund, for which \$25 million was appropriated. Moreover, additional sums have been appropriated as the President has asked for them. The proposed disaster fund of \$25 million would not affect the President's fund in any sense.

Mr. MAYBANK. How much of the disaster relief fund has been repaid?

Mr. THYE. I cannot answer the Senator's question with respect to disaster relief.

Mr. MAYBANK. From my knowledge, gained over a long period of time in the Senate, I believe that a large amount has not been paid back, and it is not expected that it should be paid back.

Mr. THYE. That was money from the President's emergency fund.

Mr. MAYBANK. All disaster loans have not been paid back. I am trying to get legislation enacted under which relief can be provided for communities or towns which are not permitted, by the laws of their States, to increase their debt limits.

Mr. CAPEHART. Disaster loan losses have amounted to only 5 percent of the sum authorized.

Mr. MAYBANK. Disaster loans have been supplemented by advances from the President's emergency fund.

Mr. THYE. That is correct.

Mr. CAPEHART. The Senator is correct.

Mr. MAYBANK. I do not know what the total amount would be if the amounts allocated from the President's emergency fund were added to the disaster loans.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. HUMPHREY. There are two particular categories and activities which must be kept somewhat separated. The Senator from Indiana has explained that the disaster loan section is directed primarily to individuals and small-business

men, whose basements, for example, have been flooded, or the fronts of whose stores have been broken. Such persons might need 10-year loans, and they could get them.

Then there are situations in which it may be necessary to extend aid where there has been no disaster. It may be necessary to build a city waterworks, or to install new sewer mains, and the financing would be extremely difficult. Under the old RFC, a participation loan could be obtained.

Mr. CAPEHART. The Senator is correct.

Mr. HUMPHREY. My feeling is that rather than to allow 60 days for liquidation purposes, we could provide, as is done in other places in the bill, that the President could designate the agency which should act. I am opposed to having it provided that the activities should be handled elsewhere when they properly belong in the Government, but at a time when many municipalities are under tremendous population problems, as the Senator from South Carolina has pointed out, and there are constitutional limitations on the amount of bonded indebtedness, and so forth; I should think we would be running a risk not to provide at least another year's extension of the provision of the law, let the President handle the matter as he deems fit.

Mr. CAPEHART. As I said a moment ago, \$25 million was the authorization last year. I do not know the amount of loans made. Such loans are not made unless there is an authorization.

If it is desired that what the Senator from South Carolina has suggested should be done, it would simply be necessary to authorize the loan of an additional \$25 million by the Small Business Administration, and give the Small Business Administration authority to make public agency loans.

Mr. HUMPHREY. Could not an authorization be made, and the President be permitted to do as he does under section 302 to defense loans; namely, to designate the agency through which such loans are to be made?

Mr. CAPEHART. It could be done either way. My point is that if the suggestion is to be carried out, we shall have to authorize an additional \$25 million.

Mr. HUMPHREY. My feeling is that that would be calculatedly good judgment. It does not necessarily mean that it would be used, but it would mean a safety protection.

Mr. CAPEHART. We would have to authorize an additional \$25 million, and authorize the Treasury or the Small Business Administration to disburse the money.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. MAYBANK. I think the Treasury ought to disburse the money. Let me say to the Senator from Minnesota that I understand there have been no losses on municipal loans at all, and that the Federal Government agency has made a profit because of the differential in the interest rate as between the interest which the agency pays the Government and the rate which the municipalities

pay. The agency borrows money from the Treasury, we will say, at 2 percent, and the municipality pays 4½ percent. The agency has made money. That is the best information I can get from the clerks of the committee.

I am sorry that I did not know the situation last week. I was engaged in the Appropriations Committee work. I think the Treasury ought to be authorized to make loans to municipalities in case of water contamination or something of that sort. Such loans do not amount to much in the overall picture. Last year only \$25 million was loaned in the United States under this category. This year the amount might not even be \$10 million.

Mr. CAPEHART. It makes more sense for the Federal taxpayers to lend money to a city to build a waterworks and for the State to tax the people to pay the money back than for the Federal Government, the State, the city, or other taxing units to lend the taxpayers' money to private enterprise to make a profit on it.

Mr. MAYBANK. I did not mean that.

Mr. CAPEHART. I know the Senator did not.

Mr. MAYBANK. I am glad the RFC made some money. It has done a wonderful job during its life.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. HUMPHREY. Is the chairman of the committee willing to accept an amendment to continue this function for another year, until we can restudy the problem? I do not want to close the door.

Mr. CAPEHART. I do not believe I could accept it. I think it had better be offered in the regular way.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. I was impressed by the statement made by the distinguished chairman a few minutes ago, that last year this type of loans amounted to only \$25 million.

Mr. CAPEHART. \$25 million was authorized.

Mr. SPARKMAN. It seems to me that that fact in itself is a recommendation of the program. Think what that \$25 million may have meant to a number of small towns throughout the country which were able to share it, and which could not have obtained such loans anywhere else. It was all paid back to the Government without loss.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. HUMPHREY. Would it be in order to offer an amendment at this time, or should we wait until the conclusion of the remarks of the Senator from Indiana?

The PRESIDING OFFICER. The committee amendment has not yet been stated.

Mr. HUMPHREY. I shall offer the amendment later.

Mr. CAPEHART. There will be plenty of time.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BYRD. I invite attention to the language on page 34, in subparagraph (b), which reads as follows:

(b) to make loans to unfortunate victims of floods or other catastrophes in accordance with general policies prescribed by the Small Business Loan Policy Board and as the Administrator deems necessary or appropriate: *Provided*, That no such loan including renewals and extensions thereof may be made for a period or periods exceeding 10 years except that where such loan is for acquisition or construction (including acquisition of site therefor) of housing for the personal occupancy of the borrower, it may be made for a period not to exceed 20 years.

That is a new provision, is it not?

Mr. CAPEHART. That is exactly the same language as is now in the RFC Act.

Mr. BYRD. The bill provides for a Small Business Administration. The RFC is to be abolished.

Mr. CAPEHART. Under the proposed legislation we would transfer from the RFC to the Small Business Administration the making of disaster loans. We are using almost exactly the same language as is used in the RFC Act and intend the program to be handled in the same way as it has been handled by the RFC.

Mr. BYRD. Can we consider building a house for the personal occupancy of the borrower a small-business activity?

Mr. CAPEHART. That is considered a disaster-loan activity rather than a small-business loan activity. No one has suggested that we abandon the idea of making disaster loans, so we had to find a place to put the activity. Inasmuch as we are proposing to abolish the RFC, we thought the best place to put this program was with the new Small Business Administration.

Mr. BYRD. I am told that this is the same language as is contained in the RFC Act.

Mr. CAPEHART. It is almost exactly the same.

Mr. BYRD. I should like to ask the Senator another question—

Mr. CAPEHART. Title I, dissolving the RFC, is the bill (S. 892) of the Senator from Virginia [Mr. Byrd] with a few changes.

Mr. BYRD. As I understand, the bill has just been reported. I have just received a copy of it. It provides that RFC loans are to be continued for 60 days, but the RFC is to be continued in its present form until July 1 next.

Mr. CAPEHART. That is correct.

Mr. BYRD. On July 1 next it will be abolished completely, and the liquidation will be transferred to the Secretary of the Treasury.

Mr. CAPEHART. It would be permitted to make loans for 60 days, while the new agency is becoming established. Then, between now and June 30, 1954, it would act as its own liquidating agency. On June 30, 1954, that which it has been unable to liquidate will be immediately turned over to the Secretary of the Treasury for liquidation.

Mr. BYRD. But the RFC would be completely abolished.

Mr. CAPEHART. Yes.

Mr. BYRD. The termination date is advanced from June 30, 1956, to June 30, 1954.

Mr. CAPEHART. That is correct.

Mr. BYRD. So there will not be anything connected with the RFC on the statute books after the 30th of next June?

Mr. CAPEHART. That is correct.

Mr. BYRD. Can the Senator tell me the main changes in the Small Business Administration provisions? As I understand, the form of the Board is changed and the time limit is 2 years.

Mr. CAPEHART. We would increase the limitation on loans from \$100,000 to \$200,000. We would rearrange the personnel of the board and cut down its authority, as compared with the House provision. The Senate bill makes the Administrator the chairman of the board. We have added the provision that loans must be in the public interest, which provision is not in the House bill.

Mr. BYRD. On what page is the reference to the public interest? I would not be asking these questions except that I have just received the bill and the report.

Mr. CAPEHART. That provision is found on page 26, line 16. I read beginning with line 12, on page 16:

(d) There is hereby created the Loan Policy Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Administrator, as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. The Loan Policy Board shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Government) which shall govern the granting and denial of applications for financial assistance by the Administration.

That is exactly the same language as is now in the RFC Act.

Mr. BYRD. Except for the additional provision with respect to the public interest.

Mr. CAPEHART. That is in the RFC Act as amended by Reorganization Plan No. 1 of 1951.

Mr. BYRD. But it was not in the other small business bill.

Mr. CAPEHART. It was not in the House bill.

Mr. BYRD. What are the other important changes?

Mr. CAPEHART. That is about all.

Mr. BYRD. I should like to get some idea as to how this measure compares with the conference report which was rejected by the Senate.

Mr. CAPEHART. I hold in my hand an analysis, which I shall be very glad to show the able Senator, of the difference between the House bill, H. R. 5141, and the Senate bill we are now considering.

With respect to the declaration of policy as to disasters, there is no provision in the House bill at all, but we add a new section to the Senate bill.

With respect to capital, the provisions are exactly the same, except that we authorize \$25 million for disaster loans.

With respect to the Policy Board composition—

Mr. BYRD. Would this bill require an appropriation out of the Treasury of \$275 million?

Mr. CAPEHART. It would provide for a revolving fund. The money would be drawn from the Treasury.

Mr. BYRD. The Treasury would have to provide for an expenditure of \$275 million.

Mr. CAPEHART. Yes.

Mr. BYRD. Is there any provision for bank participation with respect to any of these loans?

Mr. CAPEHART. Oh, yes. The Small Business Administration cannot make a loan if the money can be obtained from any other source. The bill will encourage the participation of banks.

Mr. BYRD. But it does not require bank participation.

Mr. CAPEHART. It does not.

Under the Senate bill the policy board and its functions are somewhat different.

Mr. BYRD. The policy board could require bank participation, could it not?

Mr. CAPEHART. Yes; it could. If the Senator will turn to page 32, line 21, I will read what the bill provides in that connection:

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

Mr. BYRD. Does the Senator from Indiana believe that the policy board could establish a regulation providing for participation on the part of the banks for all loans?

Mr. CAPEHART. I do not believe it could go quite that far, in accordance with the provisions of the bill.

Mr. BYRD. Does it have authority to provide limitations?

Mr. CAPEHART. The authority is the same as the authority provided under the RFC act. The board's authority with respect to the making of loans is exactly the same as the authority granted under the RFC act. Two years ago, the Senator will remember, we amended the RFC in that respect.

Mr. BYRD. The RFC has the right to require bank participation, and that is why the RFC was established. It was only in recent years that bank participation has not been required. Therefore, I rather think that under the provisions of the pending bill the policy board would have the right to require bank participation. The bill provides:

The Loan Policy Board shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the administration and with reference to the coordination of the functions of the administration with other activities and policies of the Government)—

And so forth. No limitation on the board's policy is set forth, as I understand.

Mr. CAPEHART. The language might be considered broad enough in that respect, but in all fairness to the members of the committee, and in the light of discussions had in committee, I would have to say that it was not the intention of the committee which reported the bill that the agency shall not make some direct loans. In all fairness I must say that.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. As a matter of fact, did not Secretary Humphrey testify that he did not understand how we could possibly get away from making some direct loans? As I recall, he used the figure of 10 percent. He said he thought at least 10 percent of the loans were loans that would not call for bank participation.

Mr. CAPEHART. I would prefer to have bank participation. I want that understood. I think it would be much better to have bank participation.

Mr. BYRD. I agree with the Senator from Indiana.

Mr. CAPEHART. But I should say in all fairness that such a provision is not contained in the bill. While the language used might be so construed and would provide such a limitation, I want the Record to show that the Board would not be following out the intent of the act in establishing such a limitation, because the subject was discussed, and it was the intention of the committee that the agency could make direct loans.

Mr. BYRD. Does the Senator from Indiana believe that perhaps 95 percent of the loans would require bank participation and a few would not? Is that the gist of the testimony of Secretary Humphrey?

Mr. CAPEHART. I am hopeful, if the bill becomes law, that it will not be very long before we can get to the point where all loans will be bank-participation loans.

Mr. BYRD. Even if it were only 25 percent, it would be wise to have banks participate, because in that event the local banks could look into the situation and advise the Board as to what should be done when a loan becomes due.

Mr. CAPEHART. I agree with the able Senator from Virginia. I am hopeful that the new agency, if it is established, will try to educate the banks to participate, and to discourage as much as possible the making of direct loans. However, I do not want it to be understood that it was the intention of the committee which reported the bill that there are not to be direct loans, at least at this particular time.

My BYRD. There is one section of the bill which disturbed me very much when it was before the Senate in another bill. As I understand, the agency can make a contract with the armed services for any kind of materials, and that it can then sublet that contract to a number of contractors.

Mr. CAPEHART. That is correct.

Mr. BYRD. What is the advantage of such a provision?

Mr. CAPEHART. Let me say to the able Senator that such a provision has been a part of the Small Defense Plants Administration Act for 2 years.

Mr. BYRD. Has it been operative to any extent?

Mr. CAPEHART. Oh, they have made about eight such contracts. About 2 years ago we authorized the agency to use \$50 million, and to date they have used only about a million and a half dollars.

Mr. BYRD. I was wondering whether it was of any great value.

Mr. CAPEHART. The feature to which the Senator from Virginia is referring has been a part of the Small Defense Plants Administration Act for 2 years.

Mr. BYRD. That does not mean it is necessarily a good provision.

Mr. CAPEHART. Over a 2-year period they handled 6 or 8 such situations, to the extent of a million and a half dollars, even though 2 years ago we authorized them to use up to \$100 million.

Mr. BYRD. It is a peculiar policy, it seems to me, to have one agency of the Government contract with the Government itself and then sublet the contract. If it is done to any large extent it seems to me some injustices might result. The fact that it has not been used very much indicates to me that it has not been very practical.

Mr. CAPEHART. My answer to the able Senator is that Congress provided for it 2 years ago.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Alabama.

Mr. SPARKMAN. Of course the purpose of that provision is to make it possible for a sizable contract to be farmed out to small businesses, when one business would not be able to handle a contract for the whole amount involved.

Mr. BYRD. Why could not the agency of Government that lets the contract do it? Why should it be necessary to go to another agency, through more redtape?

Mr. SPARKMAN. For some reason they are not willing to do it that way. There is another method we have tried to use, namely, by having small businesses pool their resources. That has worked in many instances. However, it is not always easy to accomplish. First, of all, sometimes it is difficult to get small companies to come together in the right way. Then they have to get clearance from the Department of Justice. It is also a fact that in some areas there may be several small companies that for one reason or another would not agree to pool their resources. By having such a provision in the act, the Government can break up the contract and let it out in small parts, and in that way many companies are able to participate. While the method has not been widely used, it has proved of benefit in many instances.

Mr. CAPEHART. I would say to the able Senator from Virginia that with war production evidently decreasing, and in the absence of a third world war,

or at least in the absence of an accelerated increase in the Korean war, there would possibly be very little activity in that division.

Mr. BYRD. I should like to ask one more question of the able Senator from Indiana. What is the definition of small business? Does the bill carry a definition of small business?

Mr. CAPEHART. A definition is provided by the bill. It will be found in section 203, at page 24 of the bill. It reads:

SEC. 203. For the purposes of this title, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the administration, in making a detailed definition, may use the criteria, among others: Number of employees and dollar volume of business.

Mr. BYRD. What would be the Senator's definition of how many employees a small business should have and what dollar volume of business it should have?

Mr. CAPEHART. It would depend upon the type of business. If it were an automobile business, of course several thousand employees would be required. If it were a printing business, I should think no more than 100 employees would be required.

Mr. BYRD. Would the board have the right to establish regulations to determine what is a small business?

Mr. CAPEHART. Under section 203 it has the right to do so in following the criteria set forth in section 203.

Mr. BYRD. The board could hold that there must be a certain number of employees and a certain dollar volume of business in order to qualify as a small business. Is that correct?

Mr. CAPEHART. I believe the \$200,000 limitation on the loan pretty well governs that point. I do not believe a large company would be borrowing \$200,000.

Mr. BYRD. A good many companies have borrowed even \$25,000.

Mr. CAPEHART. Twenty-five years ago, \$200,000 was a rather large loan.

Mr. BYRD. Such a concern might borrow \$200,000 from this agency and \$200,000 from another agency, and continue to borrow from other sources.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. Let me suggest that the Department of Defense has arbitrarily defined a small business as one which, with its affiliates, employs not more than 500 persons.

Mr. BYRD. Mr. President, let me say to the Senator from Indiana that I am sorry to have taken his time in connection with this matter; but as the bill has just been reported I have not had the time to study it.

Mr. CAPEHART. That is quite all right; I have been delighted to yield for questions.

Mr. LANGER. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. LANGER. On page 25, beginning in line 23, I notice the following provision:

(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President—

And so forth. Under that provision, would a person who now is working for the Government be barred?

Mr. CAPEHART. I assume that under that provision a military man would be barred; I believe that is all it means.

Mr. LANGER. In other words, a man now working for the Small Defense Plants Administration could be appointed, could he?

Mr. CAPEHART. Yes. I am sure that provision simply means that an officer in the armed services could not be appointed.

Mr. LANGER. In connection with the provision relative to \$25 million for disaster loans, could a disaster loan be made in the case of a region which had not been declared a disaster area by the governor of the State? In other words, must the governor request the making of the loan?

Mr. CAPEHART. No; it would be entirely up to the new agency, the Small Business Administration.

Mr. LANGER. And a request by the governor of the State would not be required?

Mr. CAPEHART. No; he would have nothing to do with it.

Mr. WILLIAMS. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. As I understand, the new agency is limited to a period of 2 years; is that correct?

Mr. CAPEHART. Yes. That termination date was provided by the Senate Banking and Currency Committee. As the House bill came to us, it would extend the life of the agency indefinitely.

Mr. WILLIAMS. Is it intended that the new agency shall be more lenient or a little more careful in respect to the making of loans, as compared with the management and administration under the old RFC?

Mr. CAPEHART. I hope the new agency will be more careful. However, in connection with the new agency there will be the same criteria in regard to the making of loans, and there will be the same kind of board, namely, a board composed of the Administrator, the Secretary of the Treasury, and the Secretary of Commerce. I hope they will be more careful, and I think they will, because there will be new management.

Mr. WILLIAMS. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. I notice that in the 13-month period between April 1952 and May 1953, the old RFC loaned, altogether, approximately \$37 million in the case of loans smaller than \$100,000 in size. I wonder how the figure of \$250 million, as a limitation on the operations of the new agency, was arrived at, if it is proposed that the new agency be a little more cautious than the RFC was, and if in a 13-month period the RFC loaned \$37 million, in the case of loans smaller in size than \$100,000.

Mr. CAPEHART. There is to be a revolving fund of \$250 million. The new agency will secure its funds from the Treasury. If the new agency does not need funds, it will not obtain them from the Treasury; \$250 million is to be a maximum authorization, not a minimum.

Mr. WILLIAMS. But under this bill, the new agency would be able to be almost seven times as free in making loans as the old RFC was in the 13-month period ending May 1953; is that correct?

Mr. CAPEHART. The House bill, as it came to us from the House, provided for a similar maximum limitation.

Mr. BUSH. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. BUSH. On page 25, it appears that the \$275 million figure is broken into three parts; \$150 million is to be the aggregate which may be outstanding for the purposes of small-business loans, and \$25 million is to be the maximum amount to be outstanding for disaster loans, and \$100 million is to be reserved especially for the agency contract business.

Mr. CAPEHART. As I said a moment ago, the old Small Defense Plants Administration had a maximum contract limitation of \$50 million but it used only, \$1,500,000.

Mr. WILLIAMS. If the Senator from Indiana will yield further to me, let me point out that the new \$37 million which was loaned in 13 months by the old agency included all phases of the operations to which the Senator from Connecticut has just referred, except in the case of emergency or disaster funds for which it is proposed under this bill that \$25 million be available. However, in this bill the \$25 million is included in the total of \$275 million.

We are being asked to authorize the appropriation of \$275 million for 2 years, or aside from the \$25 million for disaster loans, we are being asked to authorize the appropriation of \$250 million for 2 years, or \$125 million for 1 year, to take care of what we may say a discredited agency took care of with \$37 million during a period of 13 months.

Mr. CAPEHART. If the new agency does not loan that much money, of course the Treasury will not have to advance that much to it. So no harm will be done. If it is desirable to have the new agency established, it might be well to have a limit of approximately \$150 million a year.

Mr. WILLIAMS. Mr. President will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. Does not the Senator from Indiana believe that if it is the intention of Congress—as I am hopeful it is—that the new agency be a little more cautious in making loans, as compared with the operations of the old agency, then it would be proper for him to accept an amendment providing that not to exceed the amount of money disbursed under the old agency may be disbursed under the new one?

Mr. CAPEHART. As chairman of the committee, I could not accept such an amendment, because the House has al-

ready voted a limit of \$250 million, and has voted that figure twice. Of course, the Senator from Delaware can offer such an amendment, and the Senate can vote on it, but as chairman of the committee, I would not feel free to accept such an amendment.

Mr. WILLIAMS. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. Is the Senator from Indiana also aware that between April 1952 and May 1953 the old RFC loaned, altogether, \$123 million, in the case of all the loans it made below \$1 million in size?

Mr. CAPEHART. That is correct.

Mr. WILLIAMS. So now it is proposed to authorize the new agency to make total loans, in 1 year, of \$125 million to small businesses, whereas in the 13 months ending May 1953, the old RFC made total loans of only \$123 million in the case of all loans below \$1 million in size. Thus it would seem that either the plan is to have the new agency launch a program under which it will have somewhat more freedom of movement than the old agency had, or else to have the new agency make some unnecessary loans.

Mr. CAPEHART. No funds will be used unless loans are made. The fund is to be a revolving one. If the new agency loans only \$37 million in one year, that will be the total amount the Federal Government will have in the new agency, and not \$250 million. The fund is to be a revolving one, to be secured from the Treasury.

So it makes no difference how much is authorized to be appropriated; the end result will depend upon the total amount of loans made.

One hundred and fifty million dollars is to be the aggregate which may be outstanding at any one time for the purposes of small-business loans. That amount may not be exceeded, but a lesser amount of loans may be made for that purpose. I hope the business concerns of the Nation are in such good shape that it will not be necessary for the new agency to loan one penny, let alone the \$37 million to which the Senator from Delaware has referred.

Mr. WILLIAMS. Mr. President, if the Senator from Indiana cannot, as chairman of the committee, accept the amendment, will he try not to resist too strenuously such an amendment proposing a reduction in the amount of the authorization?

Mr. CAPEHART. I would have to recommend to the Senate that such an amendment not be accepted, because, as I said a moment ago, what really counts is the total amount of loans made, not the total amount of the authorization. In the second place, I am fearful that such an amendment could not be gotten through the House of Representatives, because in the House there was considerable debate in favor of providing for a maximum limitation of \$500 million, rather than \$250 million.

Mr. WILLIAMS. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. The Senator from Indiana recalls, I am sure, that there was considerable argument in both the House of Representatives and the Senate in favor of extending the old RFC, with all its freewheeling movement.

Mr. CAPEHART. I understand that. I think the able Senator from Delaware is correct in raising the point, and I think the new agency should be very careful in its use of funds, and should not make bad loans, and should make loans only when they are in the public interest. The new agency should be very careful.

Mr. BUSH. Mr. President, will the Senator from Indiana yield on that point?

Mr. CAPEHART. I yield.

Mr. BUSH. We may take some comfort from two points: First, that the Loan Policy Board will have a great deal to say about that, and I believe its judgment will be very conservative in regard to what is necessary; second, the new agency will have a termination date of 2 years. That matter was discussed at some length in the committee. Because there is so much confused thought about the necessity for small loans, and so forth, a termination date of 2 years has been provided.

Mr. WILLIAMS. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. Who will comprise the Loan Policy Board?

Mr. CAPEHART. The Secretary of the Treasury, the Secretary of Commerce, and the Administrator of the new agency, with the Administrator of the agency as Chairman.

Mr. WILLIAMS. Will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. WILLIAMS. Based upon our past experience with the Loan Policy Board—and I have great respect for those who hold the positions to which the Senator from Indiana has referred—I am not too consoled by that one fact alone, or do not take too much comfort from it.

I am reminded of an incident that happened as recently as early this year. I have heretofore I mentioned it on the floor of the Senate. The RFC began negotiations with the Kaiser interests. It had to do with their last merger, with their loans, and the extension of loans. I considered that it was not in the best interests of the American people. I also learned that the head man on the policy board accepted a position with one of the companies involved, within 9 days after leaving his Government job. I am also advised that the Policy Board had nothing to do with establishing the policy, that it knew nothing about the policy, and that it was not even consulted. If the new Policy Board is to be the same as the old one, let us forget that we have one.

I agree with the Senator that the Loan Policy Board cannot disassociate itself from the loans, though it did so during the last administration; and the head man of the Policy Board got a nice, juicy job with one of the companies, which he received, in my opinion, at the expense

of the taxpayers whom he represented on many occasions.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Connecticut.

Mr. BUSH. I was thinking the Senator might be interested to know that in connection with the testimony given by the Secretary of the Treasury and the Secretary of Commerce, it seemed clear to the committee—certainly it seemed clear to this Senator—that they intend to keep a watchful eye on the Commission, and to have an important part in performing their duties as members of the Policy Board. I think that is very important in the consideration of this proposed legislation, in view of the fact that it will expire in 2 years.

Mr. WILLIAMS. The Senator will admit, though, that the old Policy Board was grossly negligent in the performance of its duties, or that there was something wrong somewhere.

Mr. BUSH. The Senator from Connecticut agrees heartily with the Senator in that observation.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from South Carolina.

Mr. MAYBANK. I do not want to become involved in an argument over the RFC, on the question of how negligent it may have been. But I want the Record to show that the accumulated net income unreserved of the RFC amounted to \$606,050,437 on June 30, 1952. I want the Record to show that they have paid back into the Treasury \$356,050,437.

As the Senator well knows, the RFC reserved for itself \$250 million, and another \$1 million for contingencies; so that the total operations of the RFC, whoever may have been at fault—and there were some scandals in connection with, which were disclosed as a result of the investigation by the Fulbright committee—but despite the wrongdoing, there is a good overall picture. When the affairs of the RFC are wound up, Senators on this floor who voted for the RFC, and the then Republican President, Herbert Hoover, who recommended it in the years gone by, will have nothing to be ashamed of.

I hope Senators have all become familiar with the results of an investigation which was conducted for several years, an investigation which began when the Senator from New Hampshire [Mr. TOBEY] was chairman of the Committee on Banking and Currency, and which was carried on afterward. I repeat, the net profits have been \$606,050,437. I hope the Government of the United States may at some future time set up an organization which will return to the American taxpayers earnings equally as good.

Mr. CAPEHART. Let me say, as I have previously said this afternoon, that the requests upon the RFC for loans have declined. I do not think we need such an agency now, though we might need it 5 years hence. If so, it ought to be set up again. The law ought to be reenacted if that becomes necessary.

Mr. BYRD. Mr. President, before the Senator from South Carolina arrives at

the definite conclusion that the RFC has made the great profit of which he speaks, I think it would be better for him to wait until it is liquidated. What the RFC did was to borrow money at a rate of 1 percent or 2 percent, and loan it at 5 percent. The money borrowed by the RFC came from the Federal Treasury.

Mr. MAYBANK. Let me comment on the remark of my good friend from Virginia by saying that that is one reason why I should like to have the RFC liquidate what is now has. But I am going to vote for the pending bill. I believe in the present setup of the RFC, after it has been cleaned up and a single administrator appointed. I helped to bring that, as I think the Senator from Virginia knows.

I am confident the Senator from Arkansas [Mr. FULBRIGHT] appreciates the fact that there never was a time when it needed additional money but that I was on hand. If any investigations required my presence, I was also there. I believe that, if allowed to do so, RFC could liquidate its assets much better than someone else to whom the function might be transferred. The Senator from Virginia knows that that is my honest belief. I am not here for the purpose of defending the RFC. I was not in the Senate when the law creating it was passed. But the record shows that it has made over \$606 million. They paid back the Treasury with interest.

Mr. BYRD. No; the RFC paid back only in part what it borrowed from the Treasury. The RFC still owes the Treasury a large amount. It has only \$700 million in outstanding loans.

Mr. MAYBANK. I know that. I am not here to argue about the outstanding loans. I only referred to the balance sheet, which showed a net income or a profit of \$606 million, approximately, of which the RFC has paid into the Treasury \$350 million, and has on hand approximately \$250 million. They have loans to be liquidated. I may say to the distinguished Senator from Virginia that I know there was a bad situation, but many of the bad loans were forced upon the RFC even by the Congress of the United States. The Senator from Virginia was not responsible for that.

Mr. BYRD. Did not the RFC loan the Kaiser-Frazer Co. \$80 million, of which there is \$45 million outstanding?

Mr. MAYBANK. I am not defending the Kaiser-Frazer loan. The British loan, for example, was forced upon the RFC, was it not?

Mr. BYRD. That was an entirely different matter. I am talking about loans to business.

Mr. MAYBANK. What loans to business?

Mr. BYRD. Any number of loans.

Mr. SPARKMAN. May I suggest Lustron was forced on RFC?

Mr. MAYBANK. Yes; it surely was, and no one fought against the Lustron loans more than did the chairman of the Committee on Banking and Currency during the past 4 years. I refer to the Senator from South Carolina.

Mr. BYRD. It was dictated by the Congress, and it was made by the RFC. Let me say to the Senator that when he

claims that the RFC made so much money, there is a saying in the Blue Ridge Mountains by the mountaineers that one cannot measure a snake until he is dead. One should wait until the liquidation takes place, and then judge.

Mr. MAYBANK. If the Secretary of the Treasury takes charge of it, he will liquidate it, I can assure the Senator.

Mr. BYRD. He may liquidate it, and if he does, it will be at a great loss to the Government.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I may say I have certainly enjoyed this discussion.

But, while it is true the RFC has had to borrow money from the Treasury and has not paid all the interest that should have been paid, the RFC is a slouch when it comes to making money. Only the other day, the Federal Reserve Board, which is limiting the reserve requirements of the banks, permitted the banks to get \$5 billion or \$5.5 billion on which they draw interest, on nothing other than the whim of the Federal Reserve Board. The Federal Reserve Board said, "Here is another \$5.5 billion, which you do not have, but the Secretary of the Treasury will borrow it the next morning at 2½ percent on 8 months' certificates." That is not bad. That beats anything I ever heard of. I may say to my distinguished friend from Virginia, while the RFC might not liquidate so well, if private banks in the United States were liquidated, something very interesting would be developed. So I suggest that we hold off on the subject of liquidation for awhile. Liquidation is not exactly an enjoyable process, whether political, economic, or otherwise.

Mr. DOUGLAS. Mr. President, will the Senator from Indiana yield, that I may ask a question of the Senator from Minnesota?

Mr. CAPEHART. I yield, provided I do not thereby lose the floor.

Mr. DOUGLAS. The question I should like to address to the Senator from Minnesota is this. Is it not true that one of the sacred cows one is not supposed to mention is the private creation of monetary formulas by the banks?

Mr. HUMPHREY. That is exactly what the Senator from Minnesota was referring to. I have never been quite able to understand how they make it work; but it has been working as long as there have been banks. I noticed recently that they did not mind, on one afternoon, lifting \$5.5 billion out of the blue. The fact in respect to that \$5.5 billion is that the Federal Reserve Board permitted the banks to charge new interest rates on it; and that is what this Senator is complaining about. That beats anything the RFC will ever do. It is legalized stealing, but we do not even investigate it.

Mr. CAPEHART. Mr. President, I think I have finished explaining the bill. Each Senator has on his desk a statement of the functions of RFC and what will happen to it under the bill. I do not think I have anything further to say

at this time, unless there are some questions.

There is one technical amendment which I should like to offer, Mr. President.

The PRESIDING OFFICER. The Chair would suggest that the committee amendment first be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and insert:

TITLE I

SEC. 101. This title may be cited as the "Reconstruction Finance Corporation Liquidation Act."

SEC. 102. (a) The first sentence of section 3 (a) of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 603 (a)), is amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1954."

(b) Subsection (f) of section 4 of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 604 (f)), is amended by striking out "June 30, 1954" and inserting in lieu thereof "the 60th day after the date of enactment of the Reconstruction Finance Corporation Liquidation Act."

(c) Except as otherwise provided in this act, the liquidation of assets and winding up of affairs of the Reconstruction Finance Corporation shall be carried out as expeditiously as possible in accordance with the provisions of sections 9 and 10 of the Reconstruction Finance Corporation Act.

(d) The Secretary of the Treasury is authorized to incur and pay out of the funds of the Corporation all administrative expenses necessary to carry out the functions vested in him as a result of the enactment of this act. Such expenses shall be limited to and charged against amounts made available to the Corporation or to the Secretary of the Treasury in appropriation acts for applicable administrative expenses, which amounts shall not include any sums transferred to an officer or agency of the Government, other than the Secretary of the Treasury. The activities engaged in by the Secretary of the Treasury as a result of the enactment of this act shall continue to be subject to the provisions of the Government Corporation Control Act.

SEC. 103. Section 2 of the joint resolution entitled "Joint resolution to strengthen the common defense and to meet industrial needs for tin by providing for the maintenance of a domestic tin-smelting industry," approved June 28, 1947 (61 Stat. 190), is amended by striking out "the Reconstruction Finance Corporation while that Corporation has succession, and thereafter by".

SEC. 104. All functions, powers, duties, and authority of the Reconstruction Finance Corporation under section 409 of the Federal Civil Defense Act of 1950, together with all assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, personnel, and records primarily related to the exercise of such functions, powers, duties, and authority, are transferred to the Secretary of the Treasury, and shall be performed, exercised, and administered by the Secretary in accordance with the provisions of such section.

SEC. 105. No suit, action, or other proceeding lawfully commenced by or against the Reconstruction Finance Corporation shall abate by reason of the termination of succession of the Corporation; but the court may, on motion or supplemental petition filed at any time within 12 months after the date of such termination of succession and showing a necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or against the officer or agency of the Government performing the functions with re-

spect to which any such suit, action, or other proceeding was commenced.

SEC. 106 (a) Upon the termination of succession of the Reconstruction Finance Corporation the Administrator of the Reconstruction Finance Corporation shall make a full report to the Congress.

(b) During such period of time as the Secretary of the Treasury shall be engaged in liquidating the assets and winding up the affairs of the Reconstruction Finance Corporation, pursuant to section 10 of the Reconstruction Finance Corporation Act, he shall make quarterly reports to the Congress setting forth the progress of such liquidation and winding up of affairs.

TITLE II

SEC. 201. This title may be cited as the "Small Business Act of 1953."

SEC. 202. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

Further, it is the declared policy of the Congress that the Government should aid and assist unfortunate victims of floods or other catastrophes.

SEC. 203. For the purposes of this title, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administration, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business.

SEC. 204. (a) In order to carry out the policies of this title there is hereby created an agency under the name "Small Business Administration" (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration.

(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$275 million outstanding at any one time. For this purpose appropriations not to exceed \$275 million are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in section 207 (a), (b), (c), and (d). Not to exceed an aggregate of \$150 million shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed \$25 million shall be outstanding at any one time for the purposes enumerated in section 207 (b).

Not to exceed an aggregate of \$100 million shall be outstanding at any one time for the purposes enumerated in sections 207 (c) and (d). The Administration shall pay into miscellaneous receipts of the Treasury at close of each fiscal year interest on the amounts of advances outstanding at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy administrators to assist in the execution of the functions vested in the Administration. Deputy administrators shall be paid at the rate of \$15,000 per annum.

(d) There is hereby created the Loan Policy Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Administrator, as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. The Loan Policy Board shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Government) which shall govern the granting and denial of applications for financial assistance by the Administration.

SEC. 205. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this title; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, shall avail itself on a reimbursable basis of the use of information, services, facilities, including any field service thereof, officers, and employees thereof, in carrying out the provisions of this title.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the

payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion to any officer or agent he may appoint;

(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 207 (a) or 207 (b) of this title;

(6) make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this title; and

(7) In addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans made under the provisions of this title.

(c) To such extent as he finds necessary to carry out the provisions of this title, the Administrator is hereby authorized to procure the temporary (not in excess of 6 months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil-service and classification laws, and except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5).

(d) The Administrator is hereby authorized to determine the character of and the necessity for the obligations and expenditures of the Administration, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

SEC. 206. (a) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this title.

Any banks insured by the Federal Deposit Insurance Corporation when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration. Each Federal Reserve bank, when designated by the Administrator as fiscal agent for the Administration, shall be entitled to be reimbursed for all expenses incurred by such fiscal agent when acting as agent on behalf of the Administration, including among such expenses, notwithstanding other provisions of law, attorney's fees and expenses of litigation.

(b) The Administrator shall contribute to the civil-service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil-service retirement system applicable to the employees engaged in carrying out the functions financed by the revolving fund established by section 4 (b) of this act. The Administrator shall also contribute to the employees' compensation fund, on the basis of annual billings as determined by the Secretary of Labor for the benefit payments made from such fund on account of employees engaged in carrying out the functions financed by such revolving fund. The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds, which shall be paid by the Administrator into the Treasury as miscellaneous receipts.

SEC. 207. The Administration is empowered—

(a) to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however,* That the foregoing powers shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available;

(2) No financial assistance shall be extended pursuant to (a) above if the total amount of the borrower's indebtedness to the Administration, both for disbursed and undisbursed loans, plus the total amount of such borrower's indebtedness in any part of which the Administration is obligated to participate on any basis would exceed \$200,000, and no loan including renewals or extensions thereof may be made for a period or periods exceeding 10 years, except that any loan made for the purpose of constructing industrial facilities may have a maturity of 10 years plus such additional period as is estimated may be required to complete such construction;

(3) In agreements to participate in loans on a deferred basis, such participations by the Administration shall not be in excess of 90 percent of the balance of the loan outstanding at the time of disbursement;

(b) to make loans to unfortunate victims of floods or other catastrophes in accordance with general policies prescribed by the Small Business Loan Policy Board and as the Administrator deems necessary or appropriate: *Provided,* That no such loan including re-

newals and extensions thereof may be made for a period or periods exceeding 10 years except that where such loan is for acquisition or construction (including acquisition of site therefor) of housing for the personal occupancy of the borrower, it may be made for a period not to exceed 20 years;

(c) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

(d) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

(e) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

SEC. 208. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

SEC. 209. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any fu-

ture action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

SEC. 210. It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

SEC. 211. When directed by the President, it shall be the duty of the administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the administration in order that the interests of small-business enterprises may be recognized, protected, and preserved.

SEC. 212. The Administration shall have power and it is hereby directed, whenever it determines such action is necessary—

(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated small-business concerns for the purpose of effectuating the provisions of this title;

(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this title;

(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

(g) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs;

(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this title.

SEC. 213. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

SEC. 214. To effectuate the purposes of this title, small-business concerns within the meaning of this title shall receive any award or contract or any part thereof as to which it is determined by the administration and the contracting-procurement agency (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national-defense programs.

SEC. 215. The administration shall make a report every 6 months of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the administration may deem appropriate.

SEC. 216. The administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and wherever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

SEC. 217. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objectives of this title.

(b) No act or omission to act pursuant to this title which occurs while this title is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) of this section and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) of this section shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate and (2) upon the condition that such official consult with the

Attorney General and with the Chairman of the Federal Trade Commission not less than 10 days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 218. (a) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

(b) The President may also provide for such transfers of records, property, and personnel from the Small Defense Plants Administration, during the period of its liquidation, as he considers appropriate to assist the Small Business Administration in carrying out its functions under this title.

SEC. 219. No loan shall be made or equipment, facilities, or services furnished by the Administration under this title to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such person; (2) execute an agreement binding any such business enterprise for a period of 2 years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within 1 year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involved discretion with respect to the granting of assistance under this title; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

SEC. 220. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the costs incurred by the Administration, including interest and depreciation.

SEC. 221. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this title.

SEC. 222. (a) This title and all authority conferred thereunder shall terminate at the close of June 30, 1955, but the President may continue the Administration for purposes of liquidation for not to exceed 6 months after such termination.

(b) The termination of this title shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this title prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.

SEC. 223. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of this act, and the application of such pro-

vision to other persons or circumstances, shall not be affected thereby.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. CAPEHART. Mr. President, I offer an amendment on page 31, line 22, to strike out "4 (b)" and to insert in lieu thereof "204 (b)."

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Indiana to the committee amendment.

The LEGISLATIVE CLERK. On page 31, line 22, it is proposed to strike out "4 (b)" and to insert in lieu thereof "204 (b)."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. SPARKMAN. Mr. President, did the Senator from Indiana have another amendment?

Mr. CAPEHART. No. I have concluded for the present.

Mr. SPARKMAN. Mr. President, I should like to make a few remarks on the bill.

I have enjoyed the able presentation which has been made by the distinguished chairman of our committee. I think he has given a very full and adequate explanation of the various provisions of the bill.

I desire to state very briefly some of my own personal views regarding this proposed legislation.

First, Mr. President, let me say that I share the sentiments expressed by the former chairman of the Committee on Banking and Currency, the Senator from South Carolina [Mr. MAYBANK], with reference to the Reconstruction Finance Corporation. I think a very thorough job was done last year under the chairmanship of the distinguished Senator from Arkansas [Mr. FULBRIGHT], along with the distinguished Senator from Illinois [Mr. DOUGLAS], the distinguished Senator from Indiana [Mr. CAPEHART], and other members of the committee, who made a very fine study of the situation, and made some very sound recommendations to the Senate with reference to the future conduct of the RFC and the operations of that agency. I think the recommendations were carried out rather effectively. Frankly, Mr. President, I dislike to see the dissolution of the RFC carried in this bill at this time. As a matter of fact, I cannot help but feel that we make a mistake in trying to legislate fully in this field with the short and inadequate consideration which we have given to the whole measure.

The small business setup provided in the bill is not bad. I think it is just as good as we could hope to work out within such a short time. My own personal preference would have been in line with the recommendations made by the administration in the first hearings, namely, that we should permit the RFC

to continue to function as under the present law, which calls for its expiration of June 30, 1954, and also that we should extend the Small Defense Plants Administration for 1 year, which would give it an expiration date of June 30, 1954, and that in the meantime we should make a full study of the entire subject and write adequate legislation covering both the dissolution of the RFC and also the provisions for small business loans and help to small business.

As I recall, every member of the administration who testified recommended that kind of a procedure, and I was in hope that we might carry that out. As a matter of fact, our committee was working in that direction, and when we brought in the controls bill there was in that bill an amendment which would have provided for the extension of the SDPA for another year, and we thought we would have recommendations concerning the subject from the administration. It is well known that the Senate declined to accept the conference report on the controls bill and sent it back to conference, but in the conference which ensued a deadlock developed as between the conferees of the Senate and the House, and finally the best that could be done was to continue the SDPA only until the 31st of July, with the understanding that in the meantime the Banking and Currency Committee would try to draft a measure to cover the situation.

So, Mr. President, as the distinguished present occupant of the chair knows, for he is a member of our committee, it has been in haste that this proposed legislation has been written.

I think there are some real possibilities in connection with writing legislation in this particular field. The distinguished junior Senator from Virginia [Mr. ROBERTSON] has long been an advocate of a program which would provide for insuring small business loans.

Mr. ROBERTSON. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. ROBERTSON. Mr. President, when the Senator from Alabama concludes, I shall ask the privilege of the floor to offer a substitute for title II of the pending bill.

Mr. SPARKMAN. The distinguished Senator from Virginia has done considerable work along that line. It was only approximately 3 years ago that the RFC offered substantially the same kind of solution.

I have offered and there are pending before the committee, 2 bills looking to a similar plan for 2 different kinds of loans, one for operating capital, and the other for the capital structure of an organization. The distinguished Senator from Illinois [Mr. DOUGLAS], in conjunction with the distinguished Senator from Vermont [Mr. FLANDERS], likewise has a bill pending before the committee. There are, as I recall, 8 different bills pertaining to small business legislation. I think it would have been much better if we had taken time really to explore the whole field and to ask the various government agencies to help us work out the rough spots in the proposed leg-

islation, if rough spots are there. However, we are confronted with a very realistic situation, namely, that we are near the end of this session of Congress and we are near the expiration date of the Small Defense Plants Administration and are faced with the possibility of having no agency to help small business unless we accept the provisions of this bill. The House has already passed a similar measure; in fact, it has passed it twice.

There are two important changes as between this bill and the House bill, and I desire to point out those changes, because I believe they are significant.

One is that the individual loan authority contained in the House bill has a limitation of \$100,000. That contained in the Senate bill has a limitation of \$200,000.

Mr. President, I feel confident that the \$200,000 limitation is not sufficient. I believe \$300,000 would be much more realistic, even though there might never be a loan that would reach the full \$300,000 limit. But certainly the time will come when many small businesses may need more than \$200,000.

Particularly is that true if they are to participate in the defense program and undertake defense contracts. As a matter of fact, Mr. President, I proposed in committee a change which I believe would have been better than setting a limit of \$200,000, namely, to permit the Administrator to make loans up to \$100,000 and then to provide that any loan in excess of that amount would have to receive the approval of the Advisory Board. The other two members of that Board would be the Secretary of the Treasury and the Secretary of Commerce. It would seem to me that with some such provision as that the situation would be adequately safeguarded.

However, the \$200,000 limit carried in the Senate bill is better than the \$100,000 limitation in the House bill. I believe statistics show that, on the basis of loans which have been made, if there were a \$300,000 limit, it would mean an average loan of \$125,000. By the same token, I assume that with a \$200,000 limitation, we could count on an average loan of \$75,000. I do not believe that is sufficiently high. I believe the ceiling should be increased.

The second difference between the Senate bill and the House-approved bill relates to the Advisory Board. It will be recalled that when the conference report on the Defense Production bill was before the Senate, many Senators objected to the provision relating to the Advisory Board, on the ground that it became not simply an advisory board, but actually a governing board. Instead of the governing authority being in the administrator, the authority was vested in a board, of which the administrator was not even the chairman; the Secretary of the Treasury was the chairman.

In the pending bill, as has been so well explained today by the chairman of the Committee on Banking and Currency, the board is advisory, the administrator is chairman, and it is not intended in any way that the board shall administer the business of the

agency or shall govern the agency itself. I believe those two changes are significant and material, and make the Senate bill a decided improvement over the House bill.

Much has been said today with reference to continuing loans to public agencies. I regret very much that the bill requires the Secretary of the Treasury to liquidate that type of loan. Again, that was not contemplated. When the administration officials testified before our committee, or when they were talking about possible liquidation of the RFC even a year hence, I asked that each function of RFC be named. Mr. Cravens, Administrator of the RFC, and Mr. Humphrey, Secretary of the Treasury, were both on the stand at the same time, and, as I recall, they collaborated in naming nine different functions of RFC. The only function which was proposed to be eliminated was that of making the so-called business loans, or, as I believe they are sometimes referred to, section 3-A or section 4-A loans. That was the only type which was to be liquidated.

I even asked the question, "If you are going to continue all the functions of RFC except this one, why abolish an agency that is already set up and is continuing?" Nevertheless, they thought it would be well to abolish it, although recommending that the liquidation be deferred until sometime next year.

Mr. President, I wish to offer a suggestion. Under the provision in the bill to liquidate RFC, and to transfer all its various functions to other agencies, some of them named in the bill, some of them left to the discretion of the President, I do not believe we need expect any saving whatsoever, so far as expenses are concerned. Certainly we need expect no reduction in personnel. It will simply represent a diffusion of various functions which heretofore RFC has had within its own agency.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. FULBRIGHT. With respect to the Senator's last point, I suppose that, in the creation of a new agency, all the positions under the agency will be open for the appointment of new employees, not of employees now covered by their rights in the RFC.

Mr. SPARKMAN. Certainly that is true. I must admit that, so far as I am concerned, there is a bit of confusion about the various jobs, so far as schedule A or schedule C are concerned. They have been subject to Executive orders of late, but surely a new agency contemplates new jobs, and new opportunities to fill the jobs.

Mr. FULBRIGHT. The Senator is correct. Yet the functions to be performed by the new agency are identical with those performed by the RFC.

Mr. SPARKMAN. The bill provides that the same duties, obligations, responsibilities, and functions shall be simply transferred; and in some instances the agency to which they are to be transferred is named. Under any circumstances, the functions simply will be transferred to wherever the President

sees fit to transfer them. The Senator from Arkansas is correct. As a matter of fact, I do not believe it could be found in the hearings on the measure that the administration itself claimed that any savings would be effected, either in personnel or other expenditures.

It is my understanding that some amendments are to be offered. The Senator from Virginia [Mr. ROBERTSON] has said he would offer an amendment. The Senator from Minnesota [Mr. HUMPHREY] has prepared an amendment. Therefore, I shall not take additional time of the Senate with reference to the measure.

Mr. ROBERTSON obtained the floor.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ROBERTSON. For what purpose?

Mr. HUMPHREY. I wonder if the Senator from Virginia would permit me to offer an amendment which has been discussed previously, so that it can be voted up or down. Then we could proceed to a discussion of the amendment to be offered by the Senator from Virginia. I do not wish to interrupt the Senator from Virginia in his time, but I believe the amendment I shall offer has already been discussed.

Mr. ROBERTSON. Am I to understand the Senator from Minnesota proposes to offer an amendment which he will not discuss, or does he wish to discuss it?

Mr. HUMPHREY. I have no intention of discussing it any further. I have said all I can say about it. I have talked with the chairman of the committee, and I believe the Senate can vote the amendment up or down.

Mr. ROBERTSON. My amendment would not be in order until so-called perfecting amendments to any part of the bill had been acted on. My amendment is a substitute for title II.

Mr. HUMPHREY. My amendment is a perfecting amendment in the sense that it relates to one part of the bill which I seek to change. It is not a substitute; it perfects a provision of title I.

Mr. ROBERTSON. I shall be very brief.

Mr. HUMPHREY. Very well.

Mr. ROBERTSON. Mr. President, because the bill has, to all intents and purposes, become a party matter, I have no illusions about changing any Republican votes. Therefore, I shall be very brief in explaining my objections to title II, and in explaining my substitute, which is more in keeping, in my opinion, with what the Republican Party started out to do when it won the election last November.

As the Senator from Alabama [Mr. SPARKMAN] has stated, we are not accomplishing the objective of eliminating unnecessary expense by abolishing the RFC in title I of the bill, and then substituting what could prove to be a more expensive agency in title II.

As I understood what was said in the campaign last fall, one of the basic Republican proposals was to achieve more economy in Government, to reduce the number of employees in Government, and to get away from the trend to paternalism in Government. Who would have

thought that a party which had made those very fine and definite campaign promises would wish to create a new agency that would offer free management advice to any businessman who desired to know what Government experts, so-called, thought about his business? The Government could send experts to study the businessman's system of accounting. Maybe they would say it was good; perhaps they could improve it. They would study his assembly line to see if it was good or not good. They might investigate as to whether his employees belonged to a labor union or did not belong to one. They might make a study of his labor relations or public relations.

Mr. President, I am proud of Virginia, of course; but I do not flatter myself that Virginia is essentially different from any other State. In fact, many other States are a great deal richer than we are. Virginia is now about 50 percent agricultural and 50 industrialized. There are good bankers in Virginia, but certainly there is in Virginia no \$6 billion bank, as there is in New York City. Virginia has no \$7 billion or \$8 billion bank such as there is in California. I doubt if we have banks as rich as some of those in the State of my very highly esteemed friend from Connecticut [Mr. BUSH]. The State of Connecticut is small in area; but I understand that shortly it will put \$300 million into a toll road, because so many people are traveling in and out of Connecticut that the existing roads cannot carry all the traffic. It is believed that if Connecticut spends \$300 million on a toll road the people will voluntarily use the road and pay sufficient tolls to pay off its cost. I understand Connecticut expects to get a little Federal money; but it is entitled to some Federal money anyway.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. BUSH. No Federal money is involved.

Mr. ROBERTSON. I stand corrected. I understood that we were going to permit the State of Connecticut to use some of its Federal aid money on this particular road. Otherwise Federal aid money could not be used on a toll road.

Mr. BUSH. I do not wish to delay the Senator from Virginia, but, of course, the regular amount of Federal aid money will go to Connecticut, whatever its annual share is. However, very little of that can be used in connection with the excellent project which the Senator from Virginia has so generously described.

Mr. ROBERTSON. None of it can be used for that purpose unless Congress specifically authorizes Federal aid money to be spent on a toll road. That is what the Senator from Virginia had in mind. He was merely bragging about Connecticut, which is so prosperous, has so many people, and so much business and traffic that its present fine system of highways is not adequate. The proposed toll road is to be only about 100 or 125 miles long, but it is to be a "superduper" highway.

I do not find in Virginia any overwhelming demand from small business

for the Government to establish the kind of new agency to be created by the pending bill. I do not find that small business in Virginia wants the Government to come forward and tell it how to operate. Small-business men in Virginia inform me that, "The best help Congress can give us is to cut down our taxes. We do not want any experts from the Small Business Administration trying to tell us how to make the 50 cents we have left after taxes go as far as the 75 cents we used to have in our pockets before taxes."

This bill does not reach that issue at all. I grant that there may be a need for long-term capital. The Senator from Virginia is proposing to meet that need without one penny of expense to the Federal Government; by merely broadening the lending and guaranteeing power of the Federal Reserve banks, provision for which has been on the statute books for many years. The Senator from Virginia would authorize the Federal Reserve Board to underwrite the loan of any chartered bank, whether a member bank or not, up to 90 percent. That would not cost the Federal Government one red cent.

It is true that the proposal of the Senator from Virginia does not provide for disaster loans. Under the terms of the pending bill as proposed to be amended, the new agency would borrow \$250 million for other kinds of loans and \$25 million for disaster loans.

The Farmers' Home Administration has the power to make disaster loans to farmers. The Federal Housing Administration has the power to make disaster loans. The President can make disaster loans from his emergency fund. These are all in addition to the RFC.

But along comes a new administration, which acts like the man who built a smokehouse, and, in order to keep the rats out of the smokehouse, cut two holes in the door. When someone asked him, "Why cut two holes in the door?" he replied that one for the cat and the other for the kittens.

Now we are to have the farmers receiving aid from the Department of Agriculture; others receiving aid from the Housing Administration; and the kittens are to be taken care of under the new disaster-loan proposal. So the Senator from Virginia does not feel that he is unmindful of the need to relieve disaster when he does not incorporate in his amendment a substitute for the disaster-loan program of the RFC, which will be abolished, according to the bill introduced on several occasions by the senior Senator from Virginia [Mr. BYRD], who is joined by the junior Senator from Virginia, the Senator from Ohio [Mr. BRICKER], and other Members of the Senate who for a long time have supported such a proposal. This is the first time we have had a real chance to have it enacted into law.

Before I offer a substitute which I think is better than title II, I wish very briefly to point out several things in the bill which I do not consider to be very good. Let us start on page 24, in line 21:

The Administration may establish such branch offices in other places in the United

States as may be determined by the Administrator of the Administration.

What does that mean by way of expense? That means that the new agency will go into every State in the Union. It may establish a branch office wherever it pleases. That goes far beyond what the RFC has ever done—assuming that the Administration would want to do it. It will be recalled that the great political philosopher, Thomas Jefferson, when suggestions were made about changes in the Constitution, and the statement was made that certain powers would not be abused, said:

In questions of power, then, let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution.

Why should we want to create a new agency and authorize it to establish as many branch offices as it pleases all over the Nation, if we do not expect the agency to exercise such power? It will not do it under the limitations of this bill for the first 2 years, because it will wish to make a showing in the first 2 years so that it may be continued. Let no one think that this bill is meant to be a 2-year proposition. The real intent of this bill is set forth in the Hill bill, which the House passed. That intent is indefinite tenure.

Fortunately, there were some like-minded members in our committee who could not bring themselves to the creation for the first time in the history of the Nation of a lending agency with indefinite tenure. So at the last minute the distinguished Senator from Connecticut [Mr. BUSH] offered an amendment, which I and other Senators gladly supported, to establish a limitation of 2 years at the beginning of the new agency so that we may see how it operates.

In the meantime, as the Senator from Alabama [Mr. SPARKMAN] has said, let us study the entire problem to see if this is the best answer. The amendment offered by the Senator from Connecticut was a good amendment. It helped the bill a great deal, and I was glad to support it.

According to the language on page 25 of the bill, the new agency can borrow \$275 million from the Treasury. Does the Treasury have a pot full of gold on top of the money bags waiting to be handed out to those who think they are in need? Is Congress to say, "Let this friend have so much and let that friend have so much"? The Treasury has just finished one fiscal year by going more than \$9 billion in the red. What does "going in the red" mean? For the benefit of the few who may read the CONGRESSIONAL RECORD and who do not know what "going in the red" means, let me explain. It means that the Government had to borrow more than \$9 billion to meet its obligations.

The distinguished senior Senator from Virginia [Mr. BYRD], in a news release published on Sunday, predicted that by next June the Treasury will be \$10 billion more in the red provided we do not cut many taxes or let many taxes expire automatically. Otherwise we may go

\$14 billion or \$15 billion in the red, he pointed out.

So when we provide that the agency can borrow \$275 million it means that the Treasury will have to borrow \$10 billion plus \$275 million, because that is the only way in which the Treasury can let the new agency have its working capital.

Mr. MORSE. Mr. President, will the Senator from Virginia yield for a question?

Mr. ROBERTSON. I yield for a question.

Mr. MORSE. In view of the excellent statement made by the senior Senator from Virginia [Mr. BYRD], and published in the New York Times of yesterday, which earlier today I placed in the CONGRESSIONAL RECORD, does the junior Senator from Virginia share my alarm over the report that the United States Treasury is thinking about asking Congress to raise the statutory debt limit from \$275 billion to \$290 billion?

Mr. ROBERTSON. I do not know how much alarm the junior Senator from Oregon has expressed, but I could not express too much alarm. It is a very alarming situation. I deplore the fact that men not of good will control the Kremlin and the most powerful military nation in the world, and that they are constantly threatening to carry out the Lenin-Stalin theory of world conquest. Consequently, as a member of the Committee on Appropriations, the junior Senator from Virginia is forced, from the standpoint of prudence and national defense to vote for a military establishment far larger than he would consider doing but for that type of emergency.

That is what we cannot help doing if we want to prevent having our brains beaten out. Therefore let us look at some things that we can prevent. As the Senator from Oregon so well says, it is a very alarming situation that we should now be faced with the possibility of increasing the \$275 billion debt limit.

Mr. MORSE. Mr. President, will the Senator yield further?

Mr. ROBERTSON. I yield.

Mr. MORSE. The Senator said he did not know how much alarm the Senator from Oregon had expressed. I talked at some length on Saturday afternoon, and I indicated that my alarm was so great, and I believe it so important that we not increase the national debt, that if a sufficient number of my colleagues will join with me, when any request to increase the national debt comes before the Senate, Congress will be in session until December, and by December 31 such a bill will still not have been passed.

Mr. ROBERTSON. I thank the Senator for his comment.

I move on to page 26. I shall be very brief in my comments. On page 26 the bill creates the position of administrator. The Administrator is to receive a salary of \$17,500 a year, which is more than is received by the Chairman of the Federal Reserve Board, the Chairman of the FDIC, the Comptroller General, and some other high officials. Of course, we do not count, but it is more than Senators receive, and much more than is paid the heads of many of the other long-established Government agencies,

who hold great responsibilities in government.

Of course, he will have some deputy administrators to assist him, and they will be paid as much as a Senator is paid, namely, \$15,000. Of course, a Senator is paid only \$12,500 in salary, plus a \$2,500 expense account, which is now taxable.

Going to page 27 of the bill, the Administrator is authorized to have as many civil service employees as he believes necessary. The Civil Service Commission, of course, will have to pass on the amount of their pay, according to what their work is rated to be.

The Senator from Alabama pointed out that it was the practice of RFC to make many large loans, in order to carry the small loans, because they always lost money on the small loans. The new agency cannot be a profitable agency, with its many employees and its field and regional offices. It is bound to go into the hole. It cannot make a profit, even if it makes \$200,000 loans. Investigations of the RFC showed that it started going into the hole after a great deal of pressure had been brought upon it and it stopped making large loans. Last year RFC had 3,100 employees, and they were making fewer loans than they had employees. They were making relatively few small loans, and they were losing money hand over fist.

Another provision of the bill permits the Administrator to engage experts temporarily, and such experts would not come under civil service. At first it was provided that they could serve 1 year. Under pressure we reduced the term to 6 months. We thought that if we did not make the \$50-a-day jobs too attractive, we would probably save some money. That is an improvement over the way in which the bill was originally drawn.

I go now to page 34 of the bill. I call attention to the fact that the agency can enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the administration to furnish articles, equipment, supplies, or materials to the Government.

That provision is now contained in the Small Defense Plants Administration Act, but, so far as I know, it has been used only twice. In my opinion, it should not have been included in that act, and it should not be included in the pending bill. I do not see any need for establishing a new agency which can make contracts with the Government and then sublet the contracts to others.

On page 35 of the bill—I have already mentioned this point in my opening statement—the administration is authorized to provide technical and managerial aids to small-business concerns, but not limited to cost accounting, methods of financing, business insurance, and so forth.

Virginia is an average State, and our small-business men do not want experts from Washington to tell them those things. They want us to keep expenses down, balance the budget, and reduce

taxes, and they will solve their accounting problems.

Mr. President, I promised to be brief, and I fear that I have overstated my case and that I have not been as brief as I had intended to be. I wish to enumerate briefly the provisions of my substitute.

The first section of S. 2021—and I am offering the bill, with the exception of the last title of the bill, which relates to RFC, and that is taken care of by title I of the pending bill—is an amendment to the existing section 13 (b) of the Federal Reserve Act.

Subsection (a) of the proposed new section 13b authorizes the Federal Reserve banks to guarantee chartered banking institutions against loss on, and to make commitments to purchase and thereafter to purchase from chartered banking institutions, certain loans made to business enterprises. Such loans must—and these are some safeguards—

First, have a maturity of not more than 10 years; second, be of such sound value or so secured as reasonably to assure repayment; third, be made to a business enterprise which is unable to obtain requisite financing on a reasonable basis from the usual sources; and fourth, be made for the purpose of assisting, expediting, or maintaining the production of goods or services necessary to meet military or defense requirements, or essential civilian requirements for necessities.

In the opinion of the Senator from Virginia that is as far as we ought to go in furnishing working capital. So long as the Nation remains in the unsettled condition of a cold war and a huge military establishment, let us help small firms obtain working capital for such contracts, or for necessary contracts if there are shortages in the case of some of the necessities of life.

But when the Government is buying and storing many hundreds of millions of pounds of butter under the price-support program, why should the Government, through one of its agencies, help a new creamery get started? Certainly that would not be necessary. On the other hand, if there is need for the making of a loan to permit the establishment of a new business or the expansion of an old one, in order to care for a situation involving a shortage of certain consumer goods, that would be different.

Mr. President, the maximum guaranty or commitment to purchase may not exceed 90 percent of the unpaid balance of any loan.

Subsection (b) of the proposed section 13b limits the aggregate amount of guaranties, commitments to purchase, and purchases by all Federal Reserve banks, outstanding or held at any time, to the amount of the combined surplus of the Federal Reserve banks at such time. Loans, or commitments to purchase loans, in the case of any borrower may be made only if the aggregate amount of loans to such borrower, which are guaranteed or purchased at least in part, or with respect to which commitments to purchase are made, do not exceed \$100,000.

Subsection (c) of the proposed section 13b provides that the authority of the Federal Reserve bank to make guaranties or commitments under this section shall terminate on June 30, 1958, but such termination does not affect the power of any Federal Reserve bank to carry out its guaranties or commitments entered into prior to that date.

Subsection (d) of the proposed section 13b makes the provisions of section 24 of the Federal Reserve Act (relating to certain restrictions and limitations on real-estate loans by national banks) inapplicable to loans which are subject to guaranty, or commitment to purchase, by a Federal Reserve bank under section 13b.

Subsection (e) of the proposed section 13b directs each Federal Reserve bank to pay to the United States, within 60 days after the enactment of the amendment, the aggregate amount which the Treasury has heretofore paid to the bank under section 13b, as it existed prior to the amendment. Such payment shall constitute a full discharge of any obligation of the bank to the United States arising out of subsection (e) of section 13b, as it existed prior to the amendment. Any balance of funds set aside in the Treasury for payments under this section, as it existed prior to the amendment, would be covered into miscellaneous receipts. However, each Federal Reserve bank may carry out, or protect its interests under any agreement made in carrying on operations under this section, as it existed prior to the amendment.

Mr. President, I now offer the following amendment to Senate bill 1523: On page 23, strike out all of title II, and insert new text.

It is not necessary to have the amendment read at this time; in fact, I ask unanimous consent that the reading of the amendment be waived, because the amendment constitutes the exact language of Senate bill 2021, with the exception of the last paragraph dealing with abolishing the RFC.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Virginia that the reading of the amendment be waived?

Mr. ROBERTSON. Mr. President, I also ask unanimous consent that the amendment lie on the table until the appropriate time for its consideration, namely, until action has been taken on all the perfecting amendments.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Indiana will state it.

Mr. CAPEHART. Have all the perfecting amendments been acted upon?

The PRESIDING OFFICER. It is the understanding of the Chair that the Senator from Minnesota [Mr. HUMPHREY] has a perfecting amendment.

Mr. HUMPHREY. Mr. President, I have asked the legislative drafting service to help prepare a perfecting amendment, but it is not quite ready.

I understand that the Senator from Arkansas [Mr. FULBRIGHT] wishes to speak.

Mr. LANGER. Mr. President, does the distinguished Senator from Virginia expect the Senate to vote on an amendment that has never been read or printed?

The PRESIDING OFFICER. The Senator from Virginia has asked unanimous consent that the reading of the amendment be waived. Of course the amendment will be printed in the RECORD.

Is there objection to the request of the Senator from Virginia?

Mr. LANGER. Mr. President, reserving the right to object, let me ask, as a matter of information, how we are to know about the amendment. As I understand, it has not been read and has not been printed. Are we expected to vote on the amendment at some time this afternoon?

Mr. ROBERTSON. In view of the fact that the amendment is the same as the text of Senate bill 2021, with the exception of the last paragraph abolishing the RFC, I thought it would not be necessary to have the amendment read at this time.

Mr. LANGER. The amendment is printed; is it?

Mr. ROBERTSON. It is printed as the text of Senate bill 2021. Of course, the amendment will be printed in the RECORD when it is offered. But since there is available to every Senator a printed copy of Senate bill 2021, I did not think it necessary to have the amendment read at this time. As I have said, the amendment constitutes the text of Senate bill 2021, with the exception of the last paragraph. That bill was printed some weeks ago. For that reason, I did not ask to have the amendment read at this time.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Virginia that the reading of the amendment at this time be waived, but that the amendment be printed in the RECORD, and be considered following consideration of the perfecting amendments?

Without objection, it is so ordered.

The amendment submitted by Mr. ROBERTSON is as follows:

On page 23, strike out all of title II and insert:

"Section 13b of the Federal Reserve Act (U. S. C., title 12, sec. 352a) is hereby amended to read as follows:

"Sec. 13b. (a) Subject to such limitations, restrictions, and regulations as the Board of Governors of the Federal Reserve System may prescribe, any Federal Reserve bank may guarantee any chartered banking institution against loss of principal or interest on, or may make a commitment to purchase and thereafter purchase from a chartered banking institution, any loan made to a business enterprise and having a maturity of not more than 10 years which is of such sound value or so secured as reasonably to assure repayment, when it appears to the satisfaction of such Federal Reserve bank that (1) the business enterprise is unable to obtain requisite financial assistance on a reasonable basis from the usual sources, and (2) such loan is required for the purpose of assisting, expediting, or maintaining the production of goods or services necessary to meet military or defense requirements, or essential civilian requirements for necessities. No Federal Reserve bank under this section shall guarantee or make a commit-

ment to purchase more than 90 per centum of the unpaid balance of any loan.

"(b) The aggregate amount of guaranties and commitments of the Federal Reserve banks under this section outstanding at any one time, together with the amount of loans acquired thereunder and held by them at the same time, shall not exceed the combined surplus of the Federal Reserve banks at such time; and loans shall be guaranteed, and commitments to purchase loans shall be made, in the case of any borrower, only if the aggregate amount of loans to such borrower, which are guaranteed or purchased at least in part, or with respect to which commitments to purchase are made, by any Federal Reserve bank under this section, do not exceed \$100,000.

"(c) No Federal Reserve bank shall make any guaranty or commitment under this section after June 30, 1958, but this shall not affect the power of any Federal Reserve bank to disburse funds under, or carry out, any guaranty or commitment made pursuant to this section prior to or on such date, or to take any action deemed by it to be necessary to preserve or protect its interests in any amounts advanced or paid out in carrying on operations under this section.

"(d) Any loan by a national banking association any part of which is subject to a guaranty or commitment to purchase by a Federal Reserve bank pursuant to this section shall not be subject to the restrictions or limitations on real estate loans prescribed in section 24 of the Federal Reserve Act, as amended.

"(e) Within 60 days after the enactment of this amendment, each Federal Reserve bank shall pay to the United States the aggregate amount which the Secretary of the Treasury has heretofore paid to such bank under the provisions of this section as heretofore existing; and such payment shall constitute a full discharge of any obligation or liability of the Federal Reserve bank to the United States or to the Secretary of the Treasury arising out of subsection (e) of this section as heretofore existing or out of any agreement thereunder. The amounts repaid to the United States pursuant to this section and any remaining balance of the funds set aside in the Treasury for payments under this section as heretofore existing shall be covered into miscellaneous receipts. Each Federal Reserve bank shall continue to have power to carry out, or to protect its interest under, any agreement heretofore made in carrying on operations under this section as heretofore existing."

Mr. SPARKMAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alabama will state it.

Mr. SPARKMAN. Of course when the amendment is offered, it will be read, or any Senator could ask that it be read at that time; is that correct?

The PRESIDING OFFICER. It is the understanding of the Chair that the Senator from Virginia asked that the amendment be printed in the RECORD, but not be read at this time. Of course it can be read later, after action on the perfecting amendments.

Mr. ROBERTSON. Yes; at that time.

Mr. FULBRIGHT. Mr. President, I wish to speak briefly on the bill itself, rather than on an amendment to it.

I have had considerable interest in the RFC. Of course, as the Senate knows, I am not in favor of abolishing the RFC.

When I read the pending bill, I find that the RFC will not be abolished; in fact, much of the text of the bill is identical with the text of the existing RFC

legislation or with sections of the bill recommended by the Senate Banking and Currency Committee as an amendment to existing legislation dealing with the RFC.

Of course I am in favor of title II or of the activities which are included under that title.

However, I am not in favor of the proposed procedure of pretending to abolish—at least, the bill gives that appearance—an agency which I believe has been a great success, and then at the same time creating a new agency to do the same thing. That seems to me to be a very inefficient method of procedure.

As everyone knows, the RFC was established approximately 20 years ago, under a Republican administration. Instead of now taking the attitude that the RFC has been a failure, it seems to me that Senators on the other side of the aisle should be proud of the success of the RFC. Those Senators should take that attitude, I believe, both because the Republicans were the authors of the bill creating that agency and because it has contributed to solving many of the problems arising out of the great depression of the late twenties and early thirties.

So this feature of the bill puzzles and distresses me very much, for I have a feeling that in some way I am responsible for the present move to abolish the RFC, whereas my purpose in having an investigation made of the RFC was to have the RFC continued and greatly improved in its operations, for the benefit of the country.

However, I find that at this time, because of some representations regarding possible maladministration of the RFC, it is proposed to abolish the entire agency. Although I feel badly about having done anything which might contribute to the move to abolish the RFC, at the same time I think that the work done by the Subcommittee on the Reconstruction Finance Corporation, does not justify abolishing the RFC, but calls for continuing it, with such changes as may be necessary in order that its continuation shall be merited.

Many misstatements have been made about the RFC, and there has been much misapprehension about it.

In connection with the study which our subcommittee made over a period of 2 years, we employed one of the best accounting firms in the United States, namely, Price, Waterhouse & Co. We used one of its best men. By means of special action taken by the Committee on Rules and Administration, our subcommittee was authorized to employ that firm because it is especially qualified to make such a study. It is employed by many of the most important agencies of the Government, such as the Navy, the Army, and other agencies which had to do with very complicated accounting matters.

I asked the representative of that firm, Mr. Herz, a very fine man, to do his very best to analyze exactly the results of the operations of the RFC—in other words, to ascertain whether that agency had cost the taxpayers of the United States anything; and if so, how much.

The record shows that as of that time—I have not examined the figures for the more recent operations—the RFC had accumulated a surplus, above its losses, of approximately \$600 million. We ordered it to repay, and it did repay, into the Treasury all of that amount except approximately \$250 million, which had been advanced as capital.

I asked Mr. Herz to analyze and ascertain every possible cost which could fairly be allocated against the RFC—for instance, interest on the capital advanced, which had been interest free. Under the policy of Congress, interest had never been charged against the funds used by the RFC. That policy was applied to many agencies; for instance, my colleagues will recall that the FDIC was never required to pay interest on the funds advanced to it. We advanced it funds in the form of capital, and it did not have to pay interest on them. However, later that policy was changed. The Banking and Currency Committee authorized the change. As a result, that agency was required to pay interest on its capital. That was done in order to make the agency as nearly self-supporting as possible.

I asked Mr. Herz to go into that matter as thoroughly as he could, to see whether any item had been overlooked and to see whether any legitimate argument could be made to the effect that the agency had cost the taxpayers of the United States anything.

After a very close study, he told the committee that he thought it was safe and conservative to say that, at the very least, the RFC had broken even—in other words, that it had not cost the taxpayers anything. That allowed for the use of all the accumulated surplus—the amount which is shown on the books of the RFC as a surplus—to be applied to any losses which might occur in connection with the outstanding loans. The fact is that in many cases the RFC made very substantial profits. It not only collected its regular interest on loans, but in the course of its business operations, as in all financial institutions, it has had to take over some very large properties.

I remember one case in particular, in New York City, in the late thirties, it had to take over a very large real estate operation. If I recall correctly, it finally ended up making a profit of \$10 million, \$20 million, or \$30 million, in the liquidation of that property. That profit was made after inflation took place, and the price of real estate went up very substantially. But there have been other instances.

Something has been said about the bad loans. Of course the RFC had bad loans. There is no bank in the country that has not had bad loans; but banks do not make a practice of publishing it in the newspapers when they have a bad loan. One never hears about the bad loans of the banks. The banks ordinarily write them off, charging them against their profits; which, of course, is in accordance with proper and accepted methods. That would have happened in the case of the RFC, had the Congress itself not authorized the study, and had

not our committee gone into the affairs of the RFC, not to liquidate it, but to improve it, to clean it up, and to reform its practices, particularly to reform the structure or form of its administration. The Senate will recall that we did just that. We abolished the Board and provided for an administrator; and we gave considerable attention to the principles to be used in granting loans.

Applying the experience of those engaged in banking or in business, what sense would it make to abolish an agency which has had a long experience, which has profited by its mistakes, as I know the RFC did, which has developed a very highly qualified and skilled corps of officials to administer it, and create an entirely new business? Anyone who has started a new business, such as a new bank in a town or a store, or any other mercantile business, knows that in the early stages of such a business mistakes are bound to be made, and during that period it is very difficult to avoid them.

Mr. President, I have been corrected. I should have stated, if I did not do so, that the amount which has been paid back into the Treasury from accumulated net income as \$356 million, instead of \$606 million. In any event, if we take all the accumulated reserve and apply to it any possible—certainly probable—losses on the outstanding loans, the RFC would still not show a deficit. In other words, it has been self-supporting from the very beginning.

Mr. WILLIAMS. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield to the Senator from Delaware.

Mr. WILLIAMS. When the Senator speaks of the RFC as having been self-supporting or as having made money, is he speaking of it as a unit, and is he speaking of its overall operations, or is he merely speaking of the fact that it made money, perhaps, on one phase of its operations?

Mr. FULBRIGHT. I am glad the Senator brought up that point. Of course, as to its overall operations, the Senator will recall that during the war the Congress directed the RFC to pay subsidies. We directed it to pay a subsidy for meat, let us say, or for copper, or for the production of any other item; and it did so. Of course, that is not being considered in these figures. Then, after it had gone through the war, we ordered it to pay for certain materials in support of the war effort. We then authorized it to cancel \$11 billion, as I recall the amount. That is something else. I certainly am not talking about that when I am talking about the business loans. What I am talking about has reference to the business-loan operations, which would be continued under the pending measure, under another name.

Mr. WILLIAMS. I agree with the Senator, all of them should not be placed in the same category.

Mr. FULBRIGHT. No, not at all. I thought that was understood.

Mr. WILLIAMS. Some people of the country might be under the delusion that the RFC had made money; but the net effect of all the operations of the RFC

should be taken into consideration. In carrying out the instructions of the Congress with respect to various enterprises, it has been shown that the RFC lost a total of \$11 billion or \$12 billion.

Mr. FULBRIGHT. Yes; but that is entirely beside the point. Through a misunderstanding, I think that has been appealed to as a reason why the RFC should be abolished. To me it is utter nonsense. We could have ordered anybody else to pay it. We could have made a direct appropriation of money and said, "Here, spend it." We could have ordered the Treasury or any other Department to do it. Of course, I am not taking that into consideration. I am not at all saying that the RFC made a profit of \$11 billion out of its operations including the payment of subsidies for the support of various industries which we wished to support during the war. What I am saying relates, of course, only to its business-lending function, which is the function that is being continued under title II of the pending bill.

Everyone who has been in the banking business knows that a bank, during the course of its existence, builds up reserves against future losses. A bank expects to have losses, just as the RFC had losses. Everyone knows also that a bank which has had a long record of success over a period of 20 years is in a much better position to continue successfully than a new bank, begun from scratch, without any experience, without any reserves against losses, without any business on its books, and without any tried principles to guide it in the making of loans.

One of the most beneficial things resulting from the study by the committee, I think, had to do with the criticism of the principles which had been followed, and under the directions to the RFC not to make loans of certain types, and to make loans in other cases. It was a process of refinement of principles. So I say the only sound attitude to take is that if we wish to abolish the RFC altogether, as I understood the position of the senior Senator from Virginia to be, then we ought to abolish it. If we are to continue a similar operation, it then makes no sense to abolish it and to continue it in another form. It seems to me that would be a very inefficient way to proceed.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Virginia.

Mr. BYRD. The pending bill, which has been reported by the committee, would abolish the RFC so far as business loans are concerned. Is that not correct?

Mr. FULBRIGHT. What is meant by title II, in which there is an authorization of business loans up to \$200,000?

Mr. BYRD. What I am in favor of is abolishing the RFC.

Mr. FULBRIGHT. That is all I understood the Senator to be in favor of.

Mr. BYRD. The bill which I introduced had nothing to do with small-business loans.

Mr. FULBRIGHT. I think that is what I said. I think I said the posi-

tion of the Senator from Virginia, which is to abolish the whole thing and have it no more, is at least a logical position.

Mr. BYRD. I thank the Senator.

Mr. FULBRIGHT. I do not agree with that position, but it is a logical one. It is much more logical than the position represented by the pending bill. I was not seeking to identify the Senator from Virginia with this bill. I simply said that the bill he introduced last year, as I recalled, was for the straight-out purpose of abolishing the business-lending feature of the RFC, which is to be transferred to other agencies. That is a logical position. The Senator is against assistance by the Government, or by a Government agency, to business.

Mr. BYRD. I have not said I was against it. The RFC started on the premise that there would be bank participation. It then quickly got away from that and made enormous loans without any bank participation. Take the Kaiser-Frazer loan, for instance. In 1945 that loan amounted to \$89 million. There was no bank participation in connection with that loan.

The Senator from Arkansas was a member of the committee when former President Hoover testified before the committee as to the abolition of the RFC, and I think his testimony should be given some weight, because the RFC originated in his administration. He gave a long list of loans to distilleries, to hotels, and one to the Hal Roach Studios, Inc., amounting to \$1,292,000. The United Distilleries Corp. received a loan of \$331,000, and other such loans are listed. It is to that kind of business loans I am objecting.

Mr. FULBRIGHT. The purpose of our study was to bring about the revocation of many of such loans as the Senator has mentioned. I think the Senator will remember that in the case of the Kaiser-Frazer loan I objected to it before it was made, and there was quite a controversy with Mr. Kaiser in the press concerning it.

I know of no banking institution in which I could not find some loans the Senator and I would agree were bad loans.

Mr. MAYBANK. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. MAYBANK. I want to say to the Senator from Arkansas that not only did we object to the Kaiser-Frazer loan, but we sent for representatives of that corporation on more than one occasion to come before the committee and try to straighten it out.

Mr. FULBRIGHT. The Senator from South Carolina is quite correct. There were two major Kaiser loans. One was the loan to the steel plant, which is an entirely different one and one which has been repaid.

Mr. MAYBANK. I was not speaking of that loan.

Mr. FULBRIGHT. The other was to the Kaiser-Frazer Motor Co. That was the one to which I objected at the time.

Mr. MAYBANK. And to which the entire committee objected.

Mr. FULBRIGHT. That is correct.

The attitude of the Senator from Virginia, with which I disagree, is logical in the sense that it is clear cut. The Senator does not wish to sponsor any business loans. I would infer from what he has said that perhaps bank participation loans are acceptable. As a matter of fact, a very large percentage of RFC loans in recent years, and from the beginning, have been participation loans. It is a very good system. I thoroughly approve of it. I know the RFC has done a great deal of good. I know it has done good in my State and in all the States outside the great metropolitan Northeast, where a great amount of capital is available. I know that much of that capital has been siphoned out of my State and out of North Dakota and South Dakota and other States, and I know that money is not available to small-business men and industries in many other States. I have seen small-business men try to get some money, but it was impossible to get it on any reasonable terms.

I know positively that the RFC has contributed as much as has any other Government agency to the building up of industry in what I would call relatively undeveloped States. I can think of no more beneficial agency for what it has cost the taxpayers, because it has cost the taxpayers nothing. There are agencies for which we appropriate from the taxpayers' money. I am referring to the TVA and the REA. For some reason we are abolishing the RFC. I remember the committee thoroughly approved of the study we made, as did the Senate and the press, but we are now faced with this bill which provides for abolishing the RFC. Of course, the bill does not abolish it. That is what bothers me. I am very reluctant to vote for the bill. It creates a Small Business Administration to do what the RFC has been doing. I am in a very embarrassing spot in voting for this bill.

Mr. LANGER. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. LANGER. I should like to have the opinion of the distinguished Senator from Arkansas on this question: Would the REA be able to obtain a loan of four or five or six million dollars, under the provisions of this bill?

Mr. FULBRIGHT. Not in my opinion; no.

Mr. LANGER. To what source will the REA go if it cannot get money from the RFC?

Mr. FULBRIGHT. The REA gets money by direct appropriation to the REA Administration, as I understand.

Mr. LANGER. I invite the Senator's attention to the fact that in North Dakota money was needed for building rural transmission lines, and some of the cooperatives got together to build a big steam plant—

Mr. FULBRIGHT. Oh. I was thinking of the regular REA lines which are financed from the REA Administration's money. In a case such as that which the Senator has cited they will not be able to get money under this bill. The only way they can get it is through an ap-

plication to the REA itself. I thought the Senator was referring to the regular REA co-op line program.

I can cite several cases in my own State. There are small industrial concerns there which are growing and which have had a very good record. They are small, but there are no financial institutions in Arkansas to serve them. They are not permitted under the law to make loans of \$500,000 or \$1 million. They are not large enough to float a bond issue on the New York Stock Exchange. No one would want to bother with them there. Our record in Arkansas has been extremely good as to repayments. It compares very favorably with any private financial institutions. I would say that the record of the RFC, on the whole, compares very favorably with any financial institution. We must not forget that it was not very long ago that the RFC was bailing out banks and large insurance companies—

Mr. MAYBANK. And the railroads.

Mr. FULBRIGHT. Yes. It was originally established to help railroads, big banks, and insurance companies, and it did that job. It is now helping smaller companies. It has made some ill-advised loans, of course; and I am certainly quick to agree that it has made some bad loans. But we can go into any bank and find a portfolio of bad loans, and anyone would say it was foolish to make such loans. Of course it was. It was bad judgment, at least.

Mr. President, I do not care to delay the Senate any further. I am very puzzled about voting on this bill, because it abolishes the RFC and puts me in the position of voting to abolish it. It will die, anyway, unless prompt action is taken to continue it, but I see no hope of continuing it under the present administration.

Mr. MAYBANK. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. MAYBANK. The Senator is in the situation of tossing a coin and hearing someone say, "Heads, I win; tails, you lose."

Mr. FULBRIGHT. Yes. I approve of the activity which is authorized, in a restricted form, in title II. I do not want to be accused of not being interested in the provisions for small business carried in that title, but it shocks my sense of propriety to participate in what looks to me like a phony political move. The administration wants to create the impression that they are great economizers. They abolish one agency and, at the same time, create another agency having the same functions.

So I am presented with a very difficult decision, and I am frank to say I do not know yet how I shall finally vote on the bill, for reasons I have tried to outline.

I close by saying that I believe it would be a serious mistake to abolish RFC. Its operations have been greatly misinterpreted and misrepresented, as though it were a thoroughly corrupt organization. That is not so. Our committee found that the regular employees of the RFC, excluding the Board of Directors as of that time, were very su-

perior persons, and the committee was unanimous in its commendation of the action of the Review Board, which had been most conscientious in the discharge of its duties. It was very enlightening to us to learn that almost every one of the important loans which had been criticized was a loan which the regular Review Board of career employees had turned down. In 90 percent of the cases, the whole thing went astray at a level above the Review Board, which meant that the organization itself was a sound one, and had been properly operated, but that over a period of about 2 years, near the end of 1948, the whole character of the board had been changed.

Two of the older and most respected members had left to take more important positions in private business, which also was a compliment to RFC. One of them is now executive vice president of one of the largest banks in Detroit. The other became chief counsel of the Coca Cola Co. Of course, that happens in the case of many Government employees. However, there was a period when RFC engaged in activities and made loans which we all know were bad. The committee revealed that condition, not for the purpose of saying that RFC was a bad organization, but for the purpose of reforming the organization and getting rid of the persons who had administered it in an unwise way, and of creating an efficient organization, which I believe now exists.

I am told the present Administrator is a man of very high type, a very successful banker from St. Louis. I have no reason to believe that he will not administer the agency in an effective way. I think it has been conducted in an effective way during the past 2 years. I know of no criticism of the conduct of RFC since its reorganization as a result of the committee's action.

So I see no reason whatever to go through the legerdemain of trying to create an impression that we are abolishing something when we are not, and at the same time destroying an agency which has proved to be very efficient, has had 20 years' experience, has not cost the taxpayers any money at all, and has made a great contribution to the development of the United States. I think it would be a very sad commentary upon the wisdom of the Senate.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. MAYBANK. Mr. President, I send to the desk an amendment on behalf of myself and the junior Senator from Minnesota [Mr. HUMPHREY], the junior Senator from Florida [Mr. SMATHERS], the senior Senator from Mississippi [Mr. STENNIS], the senior Senator from North Dakota [Mr. LANGER], and the junior Senator from Alabama [Mr. SPARKMAN], which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 25, line 2, to strike out "\$275,000,000" and insert in lieu thereof "\$300,000,000."

"On page 25, line 4, to strike out "\$275,000,000" and insert in lieu thereof "\$300,000,000."

On page 25, line 9, to strike out "and (d)" and insert in lieu thereof "(d), and (f)."

On page 25, line 16, after the period insert the following: Not to exceed an aggregate of \$25,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (f).

On page 35, line 3, to strike out "and."

On page 35, line 18, to strike out the period and insert in lieu thereof "; and."

On page 35, between lines 18 and 19, to insert a new subsection, as follows:

(f) In order to aid in financing projects under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, (1) States, municipalities, and political subdivisions of States; (2) public agencies and instrumentalities or one or more States, municipalities, and political subdivisions of States; and (3) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects: *Provided, however*, That the foregoing powers shall be subject to the following restrictions and limitations:

(A) No financial assistance shall be extended pursuant to (f) above unless the financial assistance applied for is not otherwise available on reasonable terms and all securities and obligations purchased and all loans made under (f) above shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise.

(B) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof which have maturity dates in excess of 40 years.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina for himself and other Senators.

The amendment was agreed to.

Mr. CAPEHART. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 21, following line 18, it is proposed to add a new subsection (e) to section 102 to read as follows:

(e) Notwithstanding the provisions of section 5136, United States Revised Statutes (12 U. S. C., sec. 24), and section 9 of the Federal Reserve Act (12 U. S. C., sec. 335), any national bank or State member bank of the Federal Reserve System (as defined in sec. 1 of the Federal Reserve Act, as amended (12 U. S. C., sec. 221)), may acquire and hold stock in, or may make loans to, private corporations formed solely for the purpose of acquiring from the Reconstruction Finance Corporation all or any part of any loans or securities owned in whole or in part by it and of liquidating such loans or securities in accordance with such terms and conditions as may be agreed upon with the Reconstruction Finance Corporation; and, notwithstanding the provisions of section 24 of the Federal Reserve Act (12 U. S. C., sec. 371), any national bank, acting alone or with one or more other financing institutions, may purchase from the Reconstruction Finance Corporation all or any part of any loan owned in whole or in part by it: *Pro-*

vided, however, That the total amount of the investments of any national bank or State member bank in stock under authority of this sentence shall not exceed at any one time 1 percent of the capital and surplus of such bank, and the total amount of the investments of any such bank under authority of this sentence in stock and loans and purchases shall not in the aggregate at any one time exceed 10 percent of the capital and surplus of such bank.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana [Mr. CAPEHART].

Mr. SPARKMAN. Mr. President, will the distinguished Senator from Indiana explain the amendment?

Mr. CAPEHART. I intend to explain it now. The amendment authorizes national banks and State member banks of the Federal Reserve System to buy stock in or make loans to private corporations formed to acquire from RFC loans or securities for liquidation. It authorizes national banks alone or with others to buy from RFC loans in which RFC has an interest. It limits stock investments of a bank to 1 percent of its capital and surplus, and limits total investments of any bank in stocks, loans, and purchases of loans to 10 percent of its capital and surplus.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. MAYBANK. As I understand, the amendment was recommended by the RFC.

Mr. CAPEHART. The purpose is to enable the Treasury Department and the RFC itself to liquidate its assets in an orderly way.

Mr. MAYBANK. The purpose of the bill is twofold: first, to aid small business; second, in an orderly way to liquidate RFC.

I agree thoroughly with the Senator's amendment, provided it is in accordance with the views of the RFC. Everyone knows how I stood with reference to the RFC. If I were to vote for the bill, I would most certainly vote for the amendment.

Would the Senator be more specific, and say that it would help in the liquidation?

Mr. CAPEHART. Yes. The amendment is to title I, which has to do only with dissolving RFC.

Mr. MAYBANK. That is correct.

Mr. CAPEHART. It has nothing to do with title II.

Mr. MAYBANK. I shall vote for the amendment.

Mr. CAPEHART. At the present time the RFC owns many investments which it has held for many years. If the Congress decides to liquidate RFC, it must sell those investments. Many banks wish to buy them. This amendment would give national and State member banks the right to do so. It is advocated by the Secretary of the Treasury and Mr. Cravens as a good thing in liquidating the RFC.

Mr. STENNIS. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield.

Mr. STENNIS. Will the Senator state again which banks will be eligible to buy this stock?

Mr. CAPEHART. National banks and State member banks of the Federal Reserve System.

Mr. STENNIS. Only State banks which are members of the Federal Reserve System?

Mr. CAPEHART. We have no jurisdiction over other State banks. They can do what they wish, anyway.

Mr. STENNIS. Would State banks be precluded from buying the stocks?

Mr. CAPEHART. They would not be precluded.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. AIKEN. Would the bank whose stock was held by the RFC have the opportunity to purchase the stock at fair market value, or would it be required to pay the full amount?

Mr. CAPEHART. I do not think this amendment would have anything to do with the price of any liquidated asset. It would simply authorize the banks to purchase this stock for the purpose of liquidation. In some instances, they might be purchasing their own securities. In other instances they might well purchase securities of other nature.

Mr. AIKEN. Then a bank would be enabled to purchase its own securities under the proposed provision, just as it can now.

Mr. CAPEHART. Yes. This amendment is recommended by the Secretary of the Treasury. A great deal of thought was given it, and the Treasury officials feel that it would enable RFC to be liquidated to advantage.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BYRD. Would this amendment in any way extend the life of RFC?

Mr. CAPEHART. It has absolutely nothing to do with extending the life of the RFC.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. FULBRIGHT. I am not entirely clear with respect to the amendment. Would it have any effect upon the supervision of the sale? In other words, what check would there be upon selling stock for less than it was worth?

Mr. CAPEHART. This amendment has nothing whatever to do with that question, one way or the other. All it does is to authorize national banks and State member banks of the Federal Reserve System to buy stock in or make loans to private corporations formed to acquire from RFC loans or securities for liquidation.

Mr. FULBRIGHT. What safeguards will there be with respect to the interests of the RFC in the disposition of the assets which the RFC now holds? Is there anything to prevent the sale of bonds which the RFC now owns at far below their market value? As an example, consider the Baltimore & Ohio Railroad bonds.

Mr. CAPEHART. It would be left up to the Secretary of the Treasury to dis-

pose of them at the best possible figure.

Mr. FULBRIGHT. He would use his judgment and discretion?

Mr. CAPEHART. Yes.

Mr. FULBRIGHT. There is no other check upon how he disposes of them?

Mr. CAPEHART. That is correct. There are literally thousands of items.

Mr. FULBRIGHT. There are many thousands of items, but there are a few big ones in which, I am quite confident, some of the larger investment houses have an interest.

Mr. CAPEHART. The intention is that they will be disposed of at the highest possible price. Take the B. & O. loan, for example. The B. & O. bonds certainly would not be sold for less than their face value.

Mr. FULBRIGHT. I was thinking that they might well have a value greater than the face value. That could be possible.

Mr. CAPEHART. It could be. I said that I did not think they would be sold for less than the face value.

Mr. FULBRIGHT. I was wondering whether there was any safeguard in the bill as to the procedures to be followed in disposing of these assets.

Mr. CAPEHART. There are none in the sense that I think the Senator is thinking of. I do not see how we could write such a safeguard into the bill. I think we must leave the administration of the law to the integrity of the Secretary of the Treasury.

Mr. FULBRIGHT. Does not the Senator believe that it might be a good idea at least to have a report to the Congress or to the committee as to what is disposed of, at what price, and to whom?

Mr. CAPEHART. The bill requires the Secretary of the Treasury to render a quarterly report to the Congress. This should set forth each liquidated loan, to whom sold, the amount, and so forth.

Mr. FULBRIGHT. All the details?

Mr. CAPEHART. All the details.

Mr. FULBRIGHT. That will be public information?

Mr. CAPEHART. Yes.

Mr. FULBRIGHT. That is some safeguard.

Mr. CAPEHART. Yes; it is. At least, it makes the details public knowledge.

Mr. FULBRIGHT. Is it necessary that these securities be advertised for sale, or will it be a matter of private negotiation?

Mr. CAPEHART. It is left open. It might be a matter of private negotiation.

Mr. FULBRIGHT. So we shall hear about it only after it is done. Does not the Senator believe that there should be public notice of the sale, particularly in connection with smaller blocks of securities? When I was chairman of the subcommittee I received inquiries from various persons who desired to buy lump lots of some of the older bonds. The RFC thought they were worth more than was offered for them, and would not sell them. Sometimes I believe that perhaps it would have been better off if it had sold them. In any event, there will be many opportunities for irregularities to creep in unless the program is handled carefully. We all know that the Secretary himself cannot personally

handle the transaction. He must delegate authority to some subordinate.

Mr. CAPEHART. He should report to Congress setting forth a description of the loan, to whom sold, the face value of the loan, how much he lost or gained on the sale, and so forth. There must be a quarterly report. I believe that under the circumstances the Treasury officials would be very careful in disposing of any of the assets.

Mr. FULBRIGHT. Does not the Senator think it would be wise if some means of notification to possible purchasers were provided for, so that anyone would have an opportunity to bid?

Mr. CAPEHART. I think that will be done. There is nothing in the bill requiring it to be done, but I believe that this colloquy should be indicative of the fact that we expect it to be done. I cannot conceive of the Treasury officials not doing it. I am certain that they will. They should give everyone an opportunity to purchase these assets.

Mr. FULBRIGHT. I agree with the Senator. I wonder whether or not the Senator agrees that it would be a good idea to have some indication in the bill that a certain procedure should be followed in all cases in which it is feasible. I realize that, for example, in connection with the Baltimore & Ohio bonds, their disposition cannot be a matter of bidding. The asset is so big that the disposition would have to be negotiated. I am not aware of the exact situation. The Senator from Connecticut [Mr. BUSH] knows more about that sort of loan than I do. However, in connection with many of the small bond issues, some of them going back into the 1930's, there has been an improvement in value. At first there was difficulty, but many of them are proving to have real value. At present many of them which may not have had much value 10 years ago now have real value. I am interested in seeing the RFC liquidated at its full value. I believe it will be found that it will pay out, and that it will not cost the taxpayer anything. I have been disputed on that point, but I think it will pay out if it is properly liquidated.

Mr. CAPEHART. I hope it does. I hope that when the liquidation is completed it will have a fine record. At some time in the future we may need a similar organization.

Mr. FULBRIGHT. No doubt we shall need such an organization in the future. I hope this one can have a fair chance in connection with liquidation. Does not the Senator agree that in liquidating these assets some notice should be given to the public, so that anyone interested may bid?

Mr. CAPEHART. I am certain that that will be done. I should be terribly disappointed if it were not. I am not certain that we ought to write into the bill a provision that it must be done in every instance, because there are literally tens of thousands of items.

Mr. FULBRIGHT. What I would recommend is that a certain procedure be followed in every case in which it is feasible. The Treasury officials would have to take the responsibility of making the decision. I believe that the

sales should be on the basis of public bids, with notice.

Mr. TOBEY. There should be an auction. The securities should be advertised for sale.

Mr. CAPEHART. Under the existing RFC act, the one under which the agency is operating at the moment, the RFC has a right to sell any of its loans or any of the stock it now holds. It has had that right since the inception of the RFC. It is intended that it shall continue the same practice it has followed for 20 years, in disposing of these liquidated assets.

Mr. FULBRIGHT. I agree; but this is a sort of fire sale. The RFC is under pressure to get rid of all its assets in a very short time, whereas previously the operations were on a more orderly basis.

Mr. CAPEHART. There is no pressure.

Mr. FULBRIGHT. I should think so. The RFC will be under the direction of the legislation to liquidate its assets as soon as possible. There is a great difference between unloading in a relatively short time, on the one hand, and a continuing operation on the other hand. One experience comes to my mind. I believe the Senator will remember when I was chairman of the subcommittee, someone wrote to me alleging that some private negotiations were going on with respect to a very large block of stock of a bank in New Jersey, and that we should inquire into it. We inquired into it, and the sale never took place. The person who informed us about it said he was certain the reason the sale did not take place was because we inquired into it. It was alleged that it would be a very fine deal for someone. I hope nothing like that will happen in the future.

Mr. CAPEHART. There is nothing in the proposed legislation which would require the Secretary of the Treasury to liquidate the RFC within a specific period of time.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. At page 21 of the bill it is provided:

(c) Except as otherwise provided in this act, the liquidation of assets and winding up of affairs of the Reconstruction Finance Corporation shall be carried out as expeditiously as possible in accordance with the provisions of sections 9 and 10 of the Reconstruction Finance Corporation Act.

Mr. CAPEHART. That is correct.

Mr. FULBRIGHT. I would understand that language to mean right away. It means to put up the assets and sell them.

Mr. CAPEHART. I do not know of any language that would better express the legislative intent. We do not want the Secretary of the Treasury to take 10 or 15 or 20 years to do it.

Mr. FULBRIGHT. I agree with the Senator from Indiana. I was suggesting that the Senator agree to clarify the provision by providing that in the disposal of the assets, wherever it was feasible to do so, notices of the sale should be given, so within a reasonable period of time any interested person might have an opportunity to make a bid.

Mr. CAPEHART. I have no objection to such a provision. However, I will say to the Senator from Arkansas that the present law gives that right, and that right has existed for 20 years, with respect to the disposal of any of the assets. Assets have been disposed of by the Reconstruction Finance Corporation, and the assumption is that it will continue to be done. The Secretary of the Treasury would have authority to dispose of the assets in the same manner that such authority has existed in the past.

Mr. FULBRIGHT. But the assets have not been liquidated in the past; they have merely been disposed of in the past.

Mr. CAPEHART. I have no objection to the Senator's language, if he cares to offer an amendment to that effect.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LANGER. At the present time the Custodian of Alien Property is liquidating hundreds of millions of dollars worth of property. He is doing it under the provisions of existing law to the effect that the property be sold at public auction to the highest bidder after public notice is given. We have found that method to work very well.

Mr. TOBEY. That is the way it should be done.

Mr. CAPEHART. I do not believe it should be done at public auction, because it may be advisable to take more time.

Mr. TOBEY. Let public notices be sent to all national banks throughout the country stating that on a certain date the public sale will be held. At that time let there be served cheese and crackers and a family dinner, country style. Then let the assets be put up and knocked down to the highest bidder. That is the way it should be done.

Mr. LANGER. The Custodian of Alien Property takes sealed bids, and the bids must be submitted within a certain time.

Mr. CAPEHART. I have no objection to a provision which would provide that, whenever feasible, public notice of the sale shall be given. I have no objection to such an amendment, if any Senator desires to offer it.

Mr. LANGER. As a matter of fact, the adoption of such a provision would protect the interests of the Government.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

Mr. SPARKMAN. I did not understand that the amendment offered by the Senator from Indiana included the suggestion which has just been made by the former chairman of the subcommittee.

Mr. FULBRIGHT. Which amendment is pending?

Mr. SPARKMAN. An amendment to the committee amendment.

Mr. FULBRIGHT. No. I understand the Senator has agreed to amend his own amendment.

Mr. SPARKMAN. The Senator from Indiana has not agreed to accept it, as I understand.

Mr. CAPEHART. I said I would have no objection to such an amendment.

Mr. FULBRIGHT. I understand he has agreed to amend his own amendment.

The PRESIDING OFFICER (Mr. BEALL in the chair). That has not been done yet.

Mr. CAPEHART. If a Senator cares to offer such an amendment, I will agree to take it to conference. The subject can be handled in conference.

Mr. SPARKMAN. I understand it would not be in order to offer such an amendment to the pending amendment.

The PRESIDING OFFICER. It is not in order. It is in order as a separate amendment to the committee amendment.

Mr. FULBRIGHT. It is in order as a separate amendment?

The PRESIDING OFFICER. That is correct.

Mr. FULBRIGHT. Does the suggested amendment have to be in the form of an amendment to the pending amendment?

Mr. CAPEHART. No, not necessarily. The bill is still open to amendment. A parliamentary question, Mr. President.

Mr. FULBRIGHT. Is not the bill still open to amendment?

The PRESIDING OFFICER. The bill is still open to amendment.

Mr. CAPEHART. Is can be amended. Why do we not adopt my amendment, and then a Senator may offer another amendment later?

The PRESIDING OFFICER. It would not be in order as an amendment to the pending amendment.

Mr. CAPEHART. The Chair states that it would not be in order as an amendment to the pending amendment. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. CAPEHART. It should not be offered as an amendment to another part amendment.

The PRESIDING OFFICER. If it is offered as an amendment to another part of the bill it is in order.

Mr. CAPEHART. It will be possible to handle the matter in conference. If the able Senator from Arkansas will permit us to handle it in conference, we can take care of it in that way.

Mr. FULBRIGHT. If the Senator will permit me to say so, we could add the appropriate words at the end of section (c), on page 21, which the Senator from Indiana could take to conference, if he cares to do so.

Mr. CAPEHART. What is the Senator's suggested language?

Mr. FULBRIGHT. I do not have it perfected, but it could read: "In the disposition of these assets, whenever it is feasible, public notice shall be given of the sale."

The PRESIDING OFFICER. That is not a part of the pending amendment.

Mr. FULBRIGHT. No.

Mr. CAPEHART. I suggest that the Senate first adopt the pending amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

The amendment was agreed to.

Mr. CAPEHART. It is proposed that on page 21, at the end of line 5, there be added, "when feasible—"

Mr. FULBRIGHT. We can get the subject to conference by adding the words: "and wherever it is feasible, public notice of proposed sales shall be given."

Mr. CAPEHART. I offer that as an amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The committee amendment is open to further amendment.

Mr. CAPEHART. Mr. President, I ask unanimous consent that the Committee on Banking and Currency be discharged from the further consideration of House bill 5141, that House bill 5141 be considered at this time, and that it be amended by striking out all after the enacting clause and inserting in lieu thereof the text of Senate bill 1523, as amended.

Mr. SPARKMAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alabama will state it.

Mr. SPARKMAN. The Senate has not completed action on the pending Senate bill, as I understand.

The PRESIDING OFFICER. That is correct.

Mr. SPARKMAN. The Senator from Virginia [Mr. ROBERTSON] sent forward an amendment a little while ago.

The PRESIDING OFFICER. The amendment is at the desk.

Mr. SPARKMAN. I suggest the absence of a quorum. I shall be glad to ask that the quorum call be rescinded when the Senator from Virginia comes to the Chamber, if someone will notify him.

Mr. President, I withdraw my suggestion of the absence of a quorum.

Mr. STENNIS. Mr. President, will the Senator from Indiana yield to me? I wish to make a few remarks on the bill.

Mr. CAPEHART. I yield.

Mr. STENNIS. Mr. President, I wish to support the amendment of the Senator from Virginia. Instead, however, of having that amendment offered as a substitute for title II, it seems to me it could well have been offered as a supplement to title II, because I believe it proposes the making of the soundest kind of loans that have ever resulted from the operations of the RFC, namely, participation loans on behalf of a local bank or local banks or a group of banks. According to my observation, the RFC has been highly successful in that field of operations. I know from personal observation in my home town, where I have some connection with the local bank, that participation loans have worked very well and have opened a field of activity which would not have been opened by the local banks or other banks.

In my opinion, we shall make a serious mistake if we close this door to small business or to other business. I am opposed to abolishing the RFC, despite some criticism or scandal in connection with its past operations. After all, there have been criticisms of virtually all operations. For instance, there was some criticism and scandal in connection with the railroads, but we did not tear up the tracks and put the railroads out of business.

The true purpose of the RFC is not to grant subsidies or disaster loans. The RFC should never have handled such matters, in my opinion. The true purpose of the RFC is to provide financing which cannot be provided by private enterprise.

If we do not take care of the RFC in some manner, it is certain that we shall have to enact—within a few months, I think—a measure for that purpose.

So I wish the Senator from Virginia would propose his amendment as a supplement to title II, not as a substitute for it.

I do not know how far the committee went in considering the question of participation loans, but certainly we should continue to provide for the making of such loans.

The purpose of title II is to meet—and I believe it will meet, up to the amount of \$200,000—a limited part of the demand for such loans, which cannot be supplied by private enterprise. A number of such loans have been made in my State. Most of them have been highly successful. I know of the need. Very great developments have occurred as a result of the making of such loans. The area in which I live does not have a great deal of capital of its own. The main thing that area has suffered from has been a lack of adequate local capital to finance local industry. Today, in that area more local capital is available to private enterprises, as compared with the former situation; but the RFC has done extremely important work in that field.

The other day I spoke of a chemical plant which now has been established in Mississippi. I said the farmers of that area put up more than \$3,500,000 of their own funds, but were unable to borrow the additional \$2,500,000 necessary for construction of the plant—a chemical plant to manufacture nitrogenous fertilizer. The farmers applied to New York bankers, who said: "Go ahead and build the plant, and then we shall see about making the loan." The trouble was that the farmers could not build the plant without having the loan made in the first place. Finally they obtained the loan from the RFC, with the result that today that plant is highly successful in producing nitrogenous fertilizer.

Furthermore, another company has located in our State an even larger plant for the same purpose, and another company has located its plant within a reasonable distance. That production is now available locally, whereas formerly the fertilizer had to be shipped many hundreds of miles, although the natural

gas necessary for its production was available locally. We simply did not have the necessary capital.

Such successful operations will attract favorable attention to offset the criticism which has occurred in connection with mink coats, and so forth.

In this instance we are dealing with one of the most important agencies to our entire economy, and we should proceed with great caution.

I believe the committee has done splendid work, and I know of its zeal and interest. However, I should certainly like to see the amendment of the Senator from Virginia adopted as a supplement to title II, so as to have both title II and the amendment included as parts of the program.

Mr. SPARKMAN. Mr. President, if the Senator from Mississippi will yield to me, let me say that he has pointed out a very essential matter, namely, that the amendment of the Senator from Virginia, regardless of its merits, is not an adequate substitute for title II, in that the amendment deals only with the loan activities, but omits, I believe, provision for the other function with which small business is concerned, namely, the function now being handled by the Small Defense Plants Administration.

The amendment of the Senator from Virginia would deal only with the phase—in which small business is interested—now handled by the RFC, whereas title II deals with both phases.

Mr. CAPEHART. Mr. President, as the able Senator from Alabama knows, the Banking and Currency Committee is willing to study the problem, and has agreed to do so. It will study the advisability of providing for guaranteed loans of the sort the Senator from Virginia has in mind. The committee did not report this bill as the best possible final answer, but the committee reported it as the best we can do today. We shall continue to study the problem.

Mr. STENNIS. Mr. President, does the Senator from Indiana have in mind the approximate time when another bill on this subject will be reported?

Mr. CAPEHART. No; but the committee has before it several bills along the line of the amendment of the Senator from Virginia, and the committee will consider all those measures in connection with the entire problem.

Mr. SPARKMAN. Mr. President, if the Senator will yield to me, let me say, further, that I am delighted the chairman of the committee has stated the sentiment of the committee, namely, that it does not regard this bill as the last word, and that the committee has before it various other measures on this subject which it intends to study.

A few minutes ago I said the Senator from Virginia has offered his amendment. Of course, he has offered it or a similar amendment several times. I myself have introduced bills similar to the amendment, dealing with the funds small businesses will need for operating purposes. Furthermore, such firms need capital for growth and expansion.

I have introduced a bill to provide a system for the making of such loans.

The distinguished Senator from Illinois and the distinguished Senator from Vermont have introduced a somewhat similar measure.

So all these measures are before the committee, and I am delighted that the chairman of the committee has assured us that our action in voting for the passage of this bill will not result in the rejection of those measures, but, on the contrary, the committee will proceed to study them.

I realize that, as the Senator from Mississippi has said, the amendment of the Senator from Virginia is offered as a substitute for title II. However, it certainly should be offered as a supplement to title II, rather than as a substitute for it.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. BEALL in the chair). The Senator from Indiana will state it.

Mr. CAPEHART. What is the parliamentary situation?

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Virginia.

Mr. ROBERTSON. Mr. President, I desire to call up my amendment offered earlier this afternoon, in the nature of a new title II to the pending bill. The amendment provides that all of the present title II be stricken out, and my amendment be substituted.

The amendment would authorize the Federal Reserve Board to guarantee loans at any chartered bank for not more than \$100,000 for not exceeding 10 years. Under that plan, small business could get long-term working capital, and there would be no necessity to establish a new bureaucracy, nor would the Government be called upon to incur any expense whatever.

Mr. CAPEHART. Mr. President, I hope the Senate will reject the amendment, even though it has merit, for I am certain the able Senator from Virginia has studied the matter, and is familiar with it. It will be studied also by the Senate Committee on Banking and Currency in the future. However, at this time I do not think an amendment such as this should be agreed to, although I repeat it has merit. I hope the amendment will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Virginia [Mr. ROBERTSON], which was printed in the RECORD at the conclusion of his speech.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment. If there are no further amendments to be offered, the question is on agreeing to the committee amendment as amended.

The amendment, as amended, was agreed to.

Mr. CAPEHART. Mr. President, I ask unanimous consent that the Committee on Banking and Currency be discharged from further consideration of House bill 5141, and that H. R. 5141 be considered at this time.

The PRESIDING OFFICER. Is there objection to the request of the Senator

from Indiana? Without objection, the Committee on Banking is discharged from the further consideration of House bill 5141, and the Chair lays the bill before the Senate.

The Senate proceeded to the consideration of the bill (H. R. 5141) to create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise.

Mr. CAPEHART. Mr. President, I move to strike out all after the enacting clause of H. R. 5141 and to insert in lieu thereof the text of Senate bill 1523, as amended.

Mr. SPARKMAN. Mr. President, reserving the right to object, and I do this simply for the purpose of asking a question, do I understand correctly that this is what is known as the Hill bill as it passed the House?

Mr. CAPEHART. That is correct. What is being done is to substitute the language of the Senate bill as amended, for the language of the House in the Hill bill.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Indiana.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. HUMPHREY. Mr. President, before final action is taken on the bill, I wish to make a short statement.

I believe the limitation of \$200,000 in the bill is too small. I had hoped that the measure would have included some flexibility, as suggested earlier, for loans to small-business enterprises over and above the figure which is provided. I recognize that the amount provided by the Senate is higher than that contained in the House bill, but I do not necessarily consider that to be a standard around which we should all rally. I believe the arguments which have been raised today in support of the Reconstruction Finance Corporation and its very worthy activities are surely valid.

As the Senator from Arkansas [Mr. FULBRIGHT] has pointed out, the Senate conducted extensive investigations into the RFC and made suggestions for its improvement, which were followed up by the Executive in an endeavor to facilitate the operations of that very fine governmental lending agency.

I regret to see a Small Business Administration bill, which is needed and has merit of its own, incorporated as a provision of a bill which would also abolish the Reconstruction Finance Corporation. I believe there are many aspects of RFC which are needed. I think the Senate will soon find that they will be needed.

I remind the Senate that the tight-credit policy of this administration is going to cause a great many demands to be made upon lending activities of the Government in order to sustain independent enterprise in the United States. I believe we will see the high-interest policy increase the demand for Govern-

ment credit. I believe also that the Reconstruction Finance Corporation, which has had its termination date fixed as next year, should have an opportunity to continue its activities until that time.

Mr. President, this is a very peculiar situation. We have before us a bill which contains an undesirable feature, so far as I am concerned, namely, the provision for the abolition of RFC. In the same bill there is a very desirable feature, which is the provision for the establishment of the Small Business Administration. We are given a very difficult and delicate choice. I shall vote for the bill primarily because the House bill does not provide for the abolition of RFC. I desire my colleagues to note that fact. This bill, as all others, will go to conference. The House of Representatives in its bill does not have two bills in one.

When the conference report on the Defense Production bill was before the Senate, there was tacked on a provision for an imperfect Small Business Administration.

The Senate rejected that report. The rejection had a good effect, in the sense that the arguments made at that time have resulted in the improvement of Title II in the present bill, primarily, with respect to the powers of the advisory board on loans.

I say we are not going to have the friendship of small business if we allow the Secretary of Commerce and the Secretary of the Treasury to have too much to say about the definite standards to be set with respect to small business, because I do not believe either one of them is particularly noteworthy as a champion of small-business enterprise. That is not their record. They have competence in other fields, but not in this one.

I am delighted the committee has come forward with a bill that gives the Administrator of the Small Business Administration powers unto himself, that makes him the chairman of the Loan Policy Board, and that restricts the activities of the Secretary of the Treasury and the Secretary of Commerce to being advisers. Let the RECORD be clear. An adviser does not mean a proprietor. The Administrator can take advice, or he can reject it. The Advisory Board is exactly what its name implies. It is to advise.

I suggest that Congress keep a very careful, watchful eye upon how the advisers act. I think we shall have an opportunity to see whether the activities of the Small Business Administration will be in the spirit of truly helping small, competitive business enterprise.

I am pleased that there has been incorporated in the measure the public agency loan feature of RFC. That is the amendment offered by the distinguished ranking minority member of the Committee on Banking and Currency, and its former chairman, the senior Senator from South Carolina [Mr. MAYBANK]. That amendment was discussed on the floor, and is one I believe was needed very definitely. I am delighted it was adopted and proud to be one of its sponsors.

Again I wish to say that I hope that from the conference committee will come a small business bill, not a small business bill plus the obituary of the RFC. I do not think the RFC deserves this untimely burial. I think it has had enough rejuvenation and has sufficiently repented for its sins to a point where it deserves, at least, to be given a little lease on life.

The PRESIDING OFFICER (Mr. BEALL in the chair). The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 5141) was passed as follows:

Be it enacted, etc.—

TITLE I

SEC. 101. This title may be cited as the "Reconstruction Finance Corporation Liquidation Act."

SEC. 102. (a) The first sentence of section 3 (a) of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 603 (a)), is amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1954."

(b) Subsection (f) of section 4 of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 604 (f)), is amended by striking out "June 30, 1954" and inserting in lieu thereof "the 60th day after the date of enactment of the Reconstruction Finance Corporation Liquidation Act."

(c) Except as otherwise provided in this act, the liquidation of assets and winding up of affairs of the Reconstruction Finance Corporation shall be carried out as expeditiously as possible in accordance with the provisions of sections 9 and 10 of the Reconstruction Finance Corporation Act. Whenever it is feasible, public notice of the proposed sale shall be given.

(d) The Secretary of the Treasury is authorized to incur and pay out of the funds of the Corporation all administrative expenses necessary to carry out the functions vested in him as a result of the enactment of this act. Such expenses shall be limited to and charged against amounts made available to the Corporation or to the Secretary of the Treasury in appropriation acts for applicable administrative expenses, which amounts shall not include any sums transferred to an officer or agency of the Government, other than the Secretary of the Treasury. The activities engaged in by the Secretary of the Treasury as a result of the enactment of this act shall continue to be subject to the provisions of the Government Corporation Control Act.

(e) Notwithstanding the provisions of section 5136, United States Revised Statutes (12 U. S. C., sec. 24) and section 9 of the Federal Reserve Act (12 U. S. C., sec. 335), any national bank or State member bank of the Federal Reserve System (as defined in section 1 of the Federal Reserve Act, as amended (12 U. S. C., sec. 221)), may acquire and hold stock in, or may make loans to, private corporations formed solely for the purpose of acquiring from the Reconstruction Finance Corporation all or any part of any loans or securities owned in whole or in part by it and of liquidating such loans or securities in accordance with such terms and conditions as may be agreed upon with the Reconstruction Finance Corporation; and, notwithstanding the provisions of section 24 of the Federal Reserve Act (12 U. S. C., sec. 371), any national bank, acting alone or with one or more other financing institutions, may purchase from the Reconstruction Finance Corporation all or any part of any loan owned in whole or in part by it: *Provided, however,* That the total amount of the investments of any national bank or State member bank in stock under authority

of this sentence shall not exceed at any one time 1 percent of the capital and surplus of such bank, and the total amount of the investments of any such bank under authority of this sentence in stock and loans and purchases shall not in the aggregate at any one time exceed 10 percent of the capital and surplus of such bank.

SEC. 103. Section 2 of the joint resolution entitled "Joint resolution to strengthen the common defense and to meet industrial needs for tin by providing for the maintenance of a domestic tin-smelting industry," approved June 28, 1947 (61 Stat. 190), is amended by striking out "the Reconstruction Finance Corporation while that Corporation has succession, and thereafter by."

SEC. 104. All functions, powers, duties, and authority of the Reconstruction Finance Corporation under section 409 of the Federal Civil Defense Act of 1950, together with all assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, personnel, and records primarily related to the exercise of such functions, powers, duties, and authority, are transferred to the Secretary of the Treasury, and shall be performed, exercised, and administered by the Secretary in accordance with the provisions of such section.

SEC. 105. No suit, action, or other proceeding lawfully commenced by or against the Reconstruction Finance Corporation shall abate by reason of the termination of succession of the Corporation; but the court may, on motion or supplemental petition filed at any time within 12 months after the date of such termination of succession and showing a necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or against the officer or agency of the Government performing the functions with respect to which any such suit, action, or other proceeding was commenced.

SEC. 106. (a) Upon the termination of succession of the Reconstruction Finance Corporation the Administrator of the Reconstruction Finance Corporation shall make a full report to the Congress.

(b) During such period of time as the Secretary of the Treasury shall be engaged in liquidating the assets and winding up the affairs of the Reconstruction Finance Corporation, pursuant to section 10 of the Reconstruction Finance Corporation Act, he shall make quarterly reports to the Congress setting forth the progress of such liquidation and winding up of affairs.

TITLE II

SEC. 201. This title may be cited as the "Small Business Act of 1953."

SEC. 202. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

Further, it is the declared policy of the Congress that the Government should aid and assist unfortunate victims of floods or other catastrophes.

SEC. 203. For the purposes of this title, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the administration, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business.

SEC. 204. (a) In order to carry out the policies of this title there is hereby created an agency under the name "Small Business Administration" (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration.

(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$300 million outstanding at any one time. For this purpose appropriations not to exceed \$300 million are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in section 207 (a), (b), (c), (d), and (f). Not to exceed an aggregate of \$150 million shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed \$25 million shall be outstanding at any one time for the purposes enumerated in section 207 (b). Not to exceed an aggregate of \$100 million shall be outstanding at any one time for the purposes enumerated in sections 207 (c) and (d). Not to exceed an aggregate of \$25 million shall be outstanding at any one time for the purposes enumerated in section 207 (f). The Administration shall pay into miscellaneous receipts of the Treasury at the close of each fiscal year interest on the amount of advances outstanding at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public-debt obligations of the United States of comparable maturities.

(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy administrators to assist in the execution of the functions vested in the Administration. Deputy Administrators shall be paid at the rate of \$15,000 per annum.

(d) There is hereby created the Loan Policy Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Administrator, as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. The Loan Policy Board shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Government) which shall govern

the granting and denial of applications for financial assistance by the Administration.

SEC. 205 (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this title; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, shall avail itself on a reimbursable basis of the use of information, services, facilities, including any field service thereof, officers, and employees thereof, in carrying out the provisions of this title.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or

intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 207 (a) or 207 (b) of this title;

(6) make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this title; and

(7) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans made under the provisions of this title.

(c) To such extent as he finds necessary to carry out the provisions of this title, the Administrator is hereby authorized to procure the temporary (not in excess of 6 months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil-service and classification laws, and except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5).

(d) The Administrator is hereby authorized to determine the character of and the necessity for the obligations and expenditures of the Administration, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

SEC. 206. (a) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this title. Any banks insured by the Federal Deposit Insurance Corporation when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration. Each Federal Reserve bank, when designated by the Administrator as fiscal agent for the Administration, shall be entitled to be reimbursed for all expenses incurred by such fiscal agent when acting as agent on behalf of the Administration, including among such expenses, notwithstanding other provisions of law, attorney's fees and expenses of litigation.

(b) The Administrator shall contribute to the civil-service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil-service retirement system applicable to the employees engaged in carrying out the functions financed by the revolving fund established by section 204 (b) of this act. The Administrator shall also contribute to the employees' compensation fund, on the basis of annual billings as determined by the Secretary of Labor for the benefit payments made from such fund on account of employees engaged in carrying out the functions financed by such revolving fund. The annual billings shall also include a statement of the fair portion of the cost of the administration of the respect funds, which shall be paid by the Administrator into the Treasury as miscellaneous receipts.

SEC. 207. The Administration is empowered—

(a) to make loans to enable small-business concerns to finance plant construction, conversion, or expansion including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to

insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however*, That the foregoing powers shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available;

(2) No financial assistance shall be extended pursuant to (a) above if the total amount of the borrower's indebtedness to the Administration, both for disbursed and undisbursed loans, plus the total amount of such borrower's indebtedness in any part of which the Administration is obligated to participate on any basis would exceed \$200,000, and no loan including renewals or extensions thereof may be made for a period or periods exceeding 10 years, except that any loan made for the purpose of constructing industrial facilities may have a maturity of 10 years plus such additional period as is estimated may be required to complete such construction;

(3) In agreements to participate in loans on a deferred basis, such participations by the Administration shall not be in excess of 90 percent of the balance of the loan outstanding at the time of disbursement;

(b) to make loans to unfortunate victims of floods or other catastrophes in accordance with general policies prescribed by the Small Business Loan Policy Board and as the Administrator deems necessary or appropriate: *Provided*, That no such loan including renewals and extensions thereof may be made for a period or periods exceeding 10 years except that where such loan is for acquisition or construction (including acquisition of site therefor) of housing for the personal occupancy of the borrower, it may be made for a period not to exceed 20 years;

(c) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

(d) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts;

(e) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration; and

(f) in order to aid in financing projects under Federal, State, or municipal law, to purchase the securities and obligations of,

or make loans to, (1) States, municipalities and political subdivisions of States, (2) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (3) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects: *Provided, however*, That the foregoing powers shall be subject to the following restrictions and limitations:

(A) No financial assistance shall be extended pursuant to (f) above unless the financial assistance applied for is not otherwise available on reasonable terms and all securities and obligations purchased and all loans made under (f) above shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise;

(B) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof which have maturity dates in excess of 40 years.

SEC. 208. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

SEC. 209. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

SEC. 210. It shall be the duty of the Administration and it is hereby empowered,

whenever it determines such action is necessary—

(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

SEC. 211. When directed by the President, it shall be the duty of the Administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved.

SEC. 212. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this title;

(d) to certify the Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this title;

(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

(g) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs;

(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this title.

SEC. 213. In any case in which a small-business concern or group of such concerns

has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

SEC. 214. To effectuate the purposes of this title, small-business concerns within the meaning of this title shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national defense programs.

SEC. 215. The Administration shall make a report every 6 months of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

SEC. 216. The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and wherever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

SEC. 217. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objectives of this title.

(b) No act or omission to act pursuant to this title which occurs while this title is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) of this section and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) of this section shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate and (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than 10 days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 218. (a) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

(b) The President may also provide for such transfers of records, property, and personnel from the Small Defense Plants Administration, during the period of its liquidation, as he considers appropriate to assist the Small Business Administration in carrying out its functions under this title.

SEC. 219. No loan shall be made or equipment, facilities, or services furnished by the Administration under this title to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of 2 years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within 1 year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involved discretion with respect to the granting of assistance under this title; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

SEC. 220. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the costs incurred by the Administration, including interest and depreciation.

SEC. 221. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this title.

SEC. 222. (a) This title and all authority conferred thereunder shall terminate at the close of June 30, 1955, but the President may continue the Administration for purposes of liquidation for not to exceed 6 months after such termination.

(b) The termination of this title shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this title prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.

SEC. 223. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of this act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

The title was amended so as to read: "A bill to dissolve the Reconstruction Finance Corporation, to establish the Small Business Administration, and for other purposes."

The PRESIDING OFFICER. Without objection, Senate bill 1523 is indefinitely postponed.

NOMINATION OF COMMISSIONER OF INDIAN AFFAIRS

Mr. LANGER. Mr. President, I objected to the appointment of Mr. Emmons to be Commissioner of Indian Affairs. I am in receipt of a telegram from Pawhuska, Okla., which I ask unanimous consent to have printed in full at this point in my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

PAWHUSKA, OKLA., July 17, 1953.
Honorable Senator WM. LANGER,
Senate Office Building,
Washington, D. C.:

Believing that the survival of the American Indians is at stake your assistance in blocking appointment of Emmons for Commissioner is urgently requested by the undersigned members of the Osage Tribe.

FRANK SHAW.
ROSE SHAW.
JOHN SHAW, JR.
CHARLES SHAW.

Mr. LANGER. I have another telegram from Pierre, S. Dak., on the same subject, which I ask to have printed in the RECORD at this point in my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

PIERRE, S. DAK., July 17, 1953.
Senator WILLIAM LANGER,
Senate Office Building,
Washington, D. C.:

Congressional delegation deserted. Call you defend Indian people. Request opposition confirmation Emmons, Indian Commissioner. Unqualified character, experience. Personal choice Orme Lewis. Denying Republican platform. Suggest Senator MUNDT may help. We voice crying wilderness, Is there democracy for Indians? We support independence but want help ourselves.

RAMON A. ROUBIDEAUX,
Sioux Nation Attorney.

Mr. LANGER. Mr. President, I have before me many telegrams on this subject. I desire to serve notice now that when the nomination comes before the Senate for consideration, the senior Senator from North Dakota will fight against it with every ounce of energy he possesses. From the telegrams I have received, I am satisfied that the nomination of this man to be Commissioner of Indian Affairs of the United States of America ought not to be confirmed.

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article entitled "Navahos Hail Indian Commissioner Nomination," published in the Arizona Republic on July 16, 1953. I may say that the Navaho Indian Tribe is the largest non-English-speaking tribe in the United States. Their feelings in reference to the appointment of Mr. Emmons to be Commissioner of Indian Affairs are well represented by this article.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NAVAHOS HAIL INDIAN COMMISSIONER
NOMINATION
WINDOW ROCK.—The Navaho Indian Tribal Council today sighted the dawn of a brighter

day with the nomination of Glenn Emmons to be United States Commissioner of Indian Affairs.

Describing the 57-year old Gallup banker as "our friend," the council pledged to work with him until there is no longer an Indian problem.

In a statement, signed for the group by Sam Ahkeah, council chairman, the Navaho leaders said Emmons' selection "is the best news the Navaho Tribe has received since the Army announced that our people were to be released from captivity at Fort Sumner, N. Mex., and allowed to return to our beloved reservation."

Emmons was nominated for the post by President Eisenhower today and was promptly approved by a unanimous vote of the Senate Interior Affairs Committee.

The full Senate must still approve the appointment.

The Navaho statement continued:

"We were behind barbed wire at Fort Sumner from 1864 to 1868. From 1868 to 1953 we have been shackled by unrealistic policies and too much Washington. With the selection of our friend as the leader of all American Indians we Navajos see the dawn of a brighter day.

"All America owes us is opportunity. We believe that Mr. Emmons, who knows the problems of the Navahos from a lifetime of observation and personal contact with our people, will lead an enlightened policy of Navaho betterment."

The council said the needs of the tribe are:

"1. Schools for the 14,000 Navaho boys and girls who have no schools.

"2. More hospitals, more field nursing, and an all-out attack on tuberculosis.

"3. More wells and more irrigated land.

"4. Improved roads to attract the tourists and to aid our development.

"5. Congressional continuation and enlargement of our long range program enacted in 1950.

"6. The strengthening, rather than the abandonment, of the Bureau of Indian Affairs until such time as we are qualified to direct our own destiny. Localization of more authority at the area level to expedite tribal industrial development and tribal authority.

"President Eisenhower has kept his promise," the statement concluded. "This is the pledge of the Navajos to work wholeheartedly with Commissioner Emmons toward the day when there no longer will be an Indian problem."

Senators CASE, Republican, South Dakota, and GOLDWATER, Republican, Arizona, and Assistant Secretary of Interior Orme Lewis were among those who testified in support of the appointment.

Senator ANDERSON, Democrat, New Mexico, said he was delighted with the selection of Emmons.

Mr. ANDERSON. Mr. President, I do not suggest that the Senator from North Dakota is not within his rights in making a vigorous fight against any candidate whose nomination comes before the Senate, whether it be a nomination for Commissioner of Indian Affairs, or one for some other position. But I do want to say there are a great many Indians within the State of New Mexico, and that the Senator from Arizona has just obtained permission to have printed in the Appendix of the RECORD a statement of the position held by the Navahos.

Mr. President, the Navaho Indians are, I believe, now the largest tribe, numerically, of any of the purebred Indians of the country. They have lived next to Mr. Emmons for a long time. They deal with his bank. They have dealt with

him. They have watched him at work, and they have heartily endorsed him for this position. The appointment of Mr. Emmons was made on the basis of careful consultation on the part of an Assistant Secretary of the Interior and much checking with Indian tribes throughout the United States. It happens that a good many people have associated my name with advocacy of the appointment of Mr. Emmons. I did not initiate or advocate his appointment. I felt it was no part of my province to tell the Republicans what name should be sent to the Senate of the United States. But whenever a newspaperman asked me what kind of man Glenn Emmons was, I said, "He is a fine man; he is a distinguished citizen of our State; he is a capable businessman; he is a great friend of the Indians. It would be a great stroke of good fortune if the President of the United States should send to the Senate the name of a man like that."

The name of Mr. Emmons came before the Committee on Interior and Insular Affairs just after it had been a little rough on one other appointment that came before it. We examined him and discussed his knowledge of Indian policies with him. I thought his answers were concise, straightforward, and honest. I thought they promised something for the Indians of the United States; and I was glad when the motion was made to confirm his nomination to join with the Republican side and second the motion for confirmation.

I say, Mr. President, that a man of his character is difficult to bring into Washington. I would hope that if there is criticism of him, it would come after he has shown his ability, or lack of ability, to handle this position. I am confident that he will handle his task in fine fashion. I am confident that he will do his work in such a fashion that the Senator from North Dakota himself can approve.

I do not in the slightest question the right the Senator from North Dakota may have to say that there are Indians over the United States who will oppose the nomination of Mr. Emmons. But all of us recognize that there is a controversy in this country now as to whether we should keep Indians forever under the jurisdiction of the Bureau of Indian Affairs, or should allow them to become emancipated. Mr. Emmons stands with the group, of which the Senator from Utah [Mr. WATKINS] is probably the leader of in the Senate, who believe that the Indians should have a right to stand upon their own feet. The bill introduced by the Senator from Utah with reference to the Menominee Indians shows the trend of his thought. I am sure the Senator from Utah was satisfied with the answers given by Mr. Emmons when he appeared before the committee.

Mr. LANGER rose.

Mr. ANDERSON. Does the Senator from North Dakota wish me to yield for a question?

Mr. LANGER. No.

Mr. ANDERSON. If the Senator had wanted to ask me a question, I was prepared to yield to him; but, if not, I can conclude very briefly by saying the ap-

pointee was approved by the Senate Committee on Interior and Insular Affairs. I am sure the members of the committee were not deceived in their man. Not only has he been a sound businessman in our community but the State bankers association of our State elected him its president, and the American Bankers Association elected him its treasurer for two terms. I saw in a newspaper dispatch—I believe the one which has been placed in the RECORD—the reference to Mr. Emmons as having been president of the American Bankers Association. He did not claim to have been its president, but said he had been its treasurer.

Mr. Emmons also said he operated a country bank. He conducts a good country bank. The best testimonial for him I know is that the Indians who live in his neighborhood think he is a fine man. The Indians who have dealt with him, in season and out of season, are pleased with the business relationships they have had with him. The Navahos are an important tribe from the standpoint of business. They are making money. They are making it out of uranium, and they are going to make it out of oil. They are going to become one of the rich tribes of the United States. The Jicarilla Apaches in my State have several millions of dollars on deposit. They are also going to become a rich tribe out of oil. They are going to handle their own affairs; and when they handle their own affairs, there will be those of us who will try to make sure that they have the same educational opportunities all other children in this country have, and that they have a chance to intermingle with the children of the white race, and as a result become integrated completely into our communities.

We are trying hard to do that in New Mexico. We are trying to do it in other parts of the country. I believe that when Mr. Emmons finishes his job as Commissioner of Indian Affairs, he will have moved much closer toward the ideal the American people have, of having fewer employees in the Indian Bureau, and more Indians emancipated in this country of ours.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from North Dakota.

Mr. LANGER. I merely want to say that I hope every Senator will be upon the floor when this nomination comes up for confirmation. I shall show that there has never been an FBI report made on Mr. Emmons. I shall read charges which, in my opinion, will shock the distinguished Senator from New Mexico. As a matter of fact, on the same day the nomination went to the committee it was reported without any notice by the committee. Two members of the committee said at the hearing that they had never heard of the man. I intend to read the entire proceedings that took place before the committee which reported this nomination, and I am satisfied that when we get through, if the charges made are confirmed, the distinguished Senator from New Mexico himself will not vote for the confirmation of this nomination.

Mr. ANDERSON. I may say that I think I know human character sufficiently well to predict that when the charges against him are brought to this floor, there will be no difficulty in persuading anyone they are not true. Glenn Emmons is an honest man. He is a vigorous Republican. I am sure he has never voted for me in his life, and I would not expect him to do so, because he belongs to that group in the Republican Party that somehow finds it convenient to vote the straight ticket. He can continue to do that, if he wishes to do so, but that will not deter me from saying that the people of my State know him to be an honest man. What charges can be filed against him I cannot imagine.

Mr. LANGER. Mr. President, will the Senator from New Mexico yield for a question?

Mr. ANDERSON. I yield.

Mr. LANGER. Does not the Senator believe that when a man is nominated for an important position there should be a hearing, and if there are any charges against him, they should be heard, so that they can be either proved or disproved?

Mr. ANDERSON. Yes. I should be glad to have a hearing of that kind. But, Mr. President, this time there was the most careful search for a Commissioner of Indian Affairs that has been made in the history of that office in this country. There have been many Commissioners of Indian Affairs, many of whom were extremely fine men. I think Dillon Meyer never received the credit due him for an honest administration of his office. Many persons opposed him because he stopped things he felt were wrong, and which many other people felt were wrong.

During the campaign last fall, the Republican candidate for the Presidency went into the Indian country and promised the Indians that they were to be consulted—and they have been consulted as they had never before been consulted in the selection of an Indian Commissioner.

The distinguished Senator from Arizona [Mr. GOLDWATER], who knows Glenn Emmons well, knows, also, that the Indians in his State were consulted, as they were consulted in Oklahoma and in many other places. It happens that there has been a long struggle over the question of attorneys' fees in handling suits against the United States filed by Indians under the Indian Claims Act. That has stirred up a great many people. I know that many persons were anxious to get an Indian Commissioner with whom they thought they could make good arrangements. They will not be able to make improper arrangements with Glenn Emmons.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. ANDERSON. I yield.

Mr. LANGER. I want to tell the distinguished Senator from New Mexico that I do not know this man. I have never seen him. I have no candidate for the job. I am merely doing my duty as a United States Senator to bring to the attention of the Senate the charges

83D CONGRESS
1ST SESSION

H. R. 5141

IN THE SENATE OF THE UNITED STATES

JULY 21 (legislative day, JULY 6), 1953

Ordered to be printed with the amendments of the Senate

AN ACT

To create the Small Business Administration and to preserve small business institutions and free, competitive enterprise.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Small Business Act of
4 1953".

5 SEC. 2. The essence of the American economic system
6 of private enterprise is free competition. Only through full
7 and free competition can free markets, free entry into busi-
8 ness, and opportunities for the expression and growth of
9 personal initiative and individual judgment be assured. The
10 preservation and expansion of such competition is basic not
11 only to the economic well-being but to the security of this

1 Nation. Such security and well-being cannot be realized
2 unless the actual and potential of small business is en-
3 couraged and developed. It is the declared policy of the
4 Congress that the Government should aid, counsel, assist,
5 and protect insofar as is possible the interests of small-
6 business concerns in order to preserve free competitive en-
7 terprise, to ensure that a fair proportion of the total pur-
8 chases and contracts for supplies and services for the Gov-
9 ernment be placed with small-business enterprises, and to
10 maintain and strengthen the overall economy of the Nation.

11 SEC. 3. For purposes of this Act, a small-business con-
12 cern shall be deemed to be one which is independently owned
13 and operated and which is not dominant in its field of
14 operation. In addition to the foregoing criteria the Admin-
15 istration, in making a detailed definition, may use these
16 criteria, among others: Number of employees, and dollar
17 volume of business.

18 SEC. 4. (a) In order to carry out this policy there is
19 hereby created an agency under the name "Small Business
20 Administration" (hereinafter referred to as the Administra-
21 tion), which Administration shall be under the general direc-
22 tion and supervision of the President and shall not be
23 affiliated with or be within any other agency or department
24 of the Federal Government. The principal office of the
25 Administration shall be located in the District of Columbia,

1 but the Administration may establish such branch offices in
2 other places in the United States as may be determined by
3 the Administrator of the Administration.

4 (b) The Administration is authorized to obtain money
5 from the Treasury of the United States for use in the per-
6 formance of the powers and duties granted to or imposed
7 upon it by law, not to exceed a total of \$250,000,000 out-
8 standing at any one time. For this purpose appropriations
9 not to exceed \$250,000,000 are hereby authorized to be
10 made to a revolving fund in the Treasury. Advances shall be
11 made to the Administration from the revolving fund when
12 requested by the Administration. This revolving fund shall
13 be used for the purposes enumerated subsequently in sec-
14 tions 7 (a), (b), and (c). Not to exceed an aggregate of
15 \$150,000,000 shall be outstanding at any one time for the
16 purposes enumerated in section 7 (a). Not to exceed an
17 aggregate of \$100,000,000 shall be outstanding at any one
18 time for the purposes enumerated in sections 7 (b) and (c).

19 (c) The management of the Administration shall be
20 vested in an Administrator who shall be appointed from
21 civilian life by the President, by and with the consent of the
22 Senate, and who shall be a person of outstanding qualifica-
23 tions known to be familiar and sympathetic with small-busi-
24 ness needs and problems. The Administrator shall receive
25 compensation at the rate of \$17,500 per annum. The

1 Administrator shall not engage in any other business, voca-
2 tion, or employment than that of serving as Administrator.
3 The Administrator is authorized to appoint three deputy
4 administrators to assist in the execution of the functions
5 vested in the Administration. Deputy administrators shall
6 be paid at the rate of \$15,000 per annum.

7 (d) There is hereby created the Small Business Ad-
8 visory Board of the Small Business Administration, which
9 shall consist of the following members, all ex officio. The
10 Secretary of the Treasury, as Chairman, the Secretary of
11 Commerce, and the Administrator. Either of the said Secre-
12 taries may designate an officer of his Department, who has
13 been appointed by the President by and with the advice
14 and consent of the Senate, to act in his stead as a member
15 of the Small Business Advisory Board with respect to any
16 matter or matters. The Small Business Advisory Board
17 shall establish general policies which shall govern the
18 Administration in carrying out the powers, duties, and
19 authority conferred upon it by the Act. Such general
20 policies shall, among other things, provide the standards
21 (1) for the granting and denial of financial assistance by
22 the Administration, and (2) for exercise of the powers
23 enumerated in sections 7 (b) and (c). It shall also be
24 the duty of the Small Business Advisory Board to periodi-
25 cally review the operations of the Administration and coor-

1 dinate its functions with other activities and policies of the
2 Government.

3 SEC. 5. (a) The Administration shall have power to
4 adopt, alter, and use a seal, which shall be judicially noticed.
5 The Administrator is authorized, subject to the civil service
6 and classification laws, to select, employ, appoint, and fix
7 the compensation of such officers, employees, attorneys, and
8 agents as shall be necessary to carry out the provisions of
9 this Act; to define their authority and duties, require bonds
10 of them, and fix the penalties thereof. The Administration,
11 with the consent of any board, commission, independent
12 establishment, or executive department of the Government,
13 may avail itself of the use of information, services, facilities,
14 including any field service thereof, officers, and employees
15 thereof, in carrying out the provisions of this Act.

16 (b) In the performance of, and with respect to, the
17 functions, powers, and duties vested in him by this Act,
18 the Administrator, notwithstanding the provisions of any
19 other law, may—

20 (1) sue and be sued in any court of record of a
21 State having general jurisdiction, or in any United
22 States district court, and jurisdiction is conferred upon
23 such district court to determine such controversies with-
24 out regard to the amount in controversy: *Provided,*
25 That no attachment, injunction, garnishment, or other

1 similar process, mesne or final, shall be issued against
2 the Administrator or his property;

3 ~~(2)~~ under regulations prescribed by him, assign or
4 sell at public or private sale, or otherwise dispose of
5 for cash or credit, in his discretion and upon such terms
6 and conditions and for such consideration as the Admin-
7 istrator shall determine to be reasonable, any evidence
8 of debt, contract, claim, personal property, or security
9 assigned to or held by him in connection with the pay-
10 ment of loans heretofore or hereafter granted under this
11 Act, and to collect or compromise all obligations assigned
12 to or held by him and all legal or equitable rights
13 accruing to him in connection with the payment of such
14 loans until such time as such obligation may be referred
15 to the Attorney General for suit or collection;

16 ~~(3)~~ deal with, complete, renovate, improve,
17 modernize, insure, or rent, or sell for cash or credit
18 upon such terms and conditions and for such considera-
19 tion as the Administrator shall determine to be reason-
20 able, any real property conveyed to or otherwise acquired
21 by him in connection with the payment of loans granted
22 under this Act;

23 ~~(4)~~ pursue to final collection, by way of compromise
24 or otherwise, all claims against third parties assigned
25 to the Administrator in connection with loans made

1 by him. This shall include authority to obtain de-
2 ficiency judgments or otherwise in the case of mort-
3 gages assigned to the Administrator. Section 3709 of
4 the Revised Statutes, as amended (41 U. S. C. 5), shall
5 not be construed to apply to any contract of hazard
6 insurance or to any purchase or contract for services or
7 supplies on account of property obtained by the Admin-
8 istrator as a result of loans made under this Act if the
9 premium therefor or the amount thereof does not exceed
10 \$1,000. The power to convey and to execute in the
11 name of the Administrator deeds of conveyance, deeds
12 of release, assignments and satisfactions of mortgages,
13 and any other written instrument relating to real
14 property or any interest therein heretofore or hereafter
15 acquired by the Administrator pursuant to the provisions
16 of this Act may be exercised by the Administrator or
17 by any officer or agent appointed by him without the
18 execution of any express delegation of power or power
19 of attorney. Nothing in this section shall be construed
20 to prevent the Administrator from delegating such power
21 by order or by power of attorney, in his discretion, to
22 any officer or agent he may appoint;

23 (5) acquire, in any lawful manner, any property
24 (real, personal, or mixed, tangible or intangible), when-
25 ever deemed necessary or appropriate to the conduct of

1 the activities authorized in section 7 (a) of this Act;
2 and

3 ~~(6)~~ in addition to any powers, functions, privileges,
4 and immunities otherwise vested in him, take any and
5 all actions determined by him to be necessary or desir-
6 able in making, servicing, compromising, modifying,
7 liquidating, or otherwise dealing with or realizing on
8 loans or advances made under the provisions of this Act.

9 ~~(c)~~ To such extent as he finds necessary to carry out
10 the provisions of this Act, the Administrator is hereby au-
11 thorized to procure the temporary ~~(not in excess of one year)~~
12 service of experts or consultants or organizations thereof, in-
13 cluding stenographic reporting services, by contract or ap-
14 pointment, and in such cases such service shall be without
15 regard to the civil service and classification laws, and, except
16 in the case of stenographic reporting services by organiza-
17 tions without regard to section 3709, Revised Statutes, as
18 amended ~~(41 U. S. C. 5)~~.

19 SEC. 6. All moneys of the Administration not otherwise
20 employed may be deposited with the Treasurer of the United
21 States subject to check by authority of the Administration.
22 The Federal Reserve banks are authorized and directed to
23 act as depositaries, custodians, and fiscal agents for the Ad-
24 ministration in the general performance of its powers con-
25 ferred by this Act. Any banks insured by the Federal

1 Deposit Insurance Corporation when designated by the
2 Secretary of the Treasury, shall act as custodians, and finan-
3 cial agents for the Administration.

4 SEC. 7. The Administration is empowered—

5 (a) to make loans or advances to enable small busi-
6 ness concerns to finance plant construction, conversion,
7 or expansion, including the acquisition of land; or to
8 finance the acquisition of equipment, facilities, machin-
9 ery, supplies, or materials; or to supply such concerns
10 with working capital to be used in the manufacture of
11 articles, equipment, supplies, or materials for war, de-
12 fense, or essential civilian production or as may be neces-
13 sary to ensure a well-balanced national economy; and
14 such loans or advances may be made or effected either
15 directly or in cooperation with banks or other lending
16 institutions through agreements to participate on an
17 immediate or deferred basis: *Provided, however, That*
18 *the foregoing powers shall be subject to the following*
19 *restrictions and limitations:*

20 (i) No financial assistance shall be extended
21 pursuant to (a) above unless the financial assistance
22 applied for is not otherwise available on reason-
23 able terms and all loans made shall be of such sound
24 value or so secured as reasonably to assure repay-

1 ment; no participation may be purchased unless it is
2 shown that a deferred participation is not available;
3 and no loan may be made unless it is shown that a
4 participation is not available;

5 (ii) No loan or advance shall be granted under
6 this Act if the total amount outstanding and com-
7 mitted by participation to the borrower from the
8 revolving fund established by this Act would exceed
9 \$100,000, and no loan, including renewals or ex-
10 tensions thereof, may be made for a period or periods
11 exceeding ten years; except that any loan made for
12 the purpose of constructing industrial facilities may
13 have a maturity of ten years plus such additional
14 period as is estimated may be required to complete
15 such construction;

16 (iii) In agreements to participate in loans on a
17 deferred basis, such participations by the Admin-
18 istration shall not be in excess of 90 per centum of
19 the balance of the loan outstanding at the time of
20 disbursement.

21 (b) to enter into contracts with the United States
22 Government and any department, agency, or officer
23 thereof having procurement powers obligating the Ad-
24 ministration to furnish articles, equipment, supplies, or
25 materials to the Government;

(c) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

(d) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

SEC. 8. The Reconstruction Finance Corporation shall transmit requests for loans from small businesses received by

1 it after the date of enactment of this Act to the Administra-
2 tion for its consideration and possible action.

3 SEC. 9. In any case in which the Administration certi-
4 fies to any officer of the Government having procurement
5 powers that the Administration is competent to perform any
6 specific Government procurement contract to be let by any
7 such officer, such officer shall be authorized to let such pro-
8 curement contract to the Administration upon such terms and
9 conditions as may be agreed upon between the Admin-
10 istration and the procurement officer.

11 SEC. 10. (a) Whoever makes any statement knowing it
12 to be false, or whoever willfully overvalues any security, for
13 the purpose of obtaining for himself or for any applicant any
14 loan, or extension thereof by renewal, deferment of action,
15 or otherwise, or the acceptance, release, or substitution of
16 security therefor, or for the purpose of influencing in any
17 way the action of the Administration, or for the purpose of
18 obtaining money, property, or anything of value, under this
19 Act, shall be punished by a fine of not more than \$5,000 or
20 by imprisonment for not more than two years, or both.

21 (b) Whoever, being connected in any capacity with the
22 Administration (A) embezzles, abstracts, purloins, or will-
23 fully misapplies any moneys, funds, securities, or other things
24 of value, whether belonging to it or pledged or otherwise
25 entrusted to it, or (B) with intent to defraud the Adminis-

1 tration or any other body politic or corporate, or any individ-
2 ual, or to deceive any officer, auditor, or examiner of the
3 Administration makes any false entry in any book, report, or
4 statement of or to the Administration, or, without being
5 duly authorized, draws any order or issues, puts forth, or
6 assigns any note, debenture, bond, or other obligation, or
7 draft, bill of exchange, mortgage, judgment, or decree
8 thereof, (C) with intent to defraud participates, shares,
9 receives directly or indirectly any money, profit, property,
10 or benefit through any transaction, loan, commission, con-
11 tract, or any other act of the Administration, or (D) gives
12 any unauthorized information concerning any future action
13 or plan of the Administration which might affect the value
14 of securities, or, having such knowledge, invests or specu-
15 lates, directly or indirectly, in the securities or property of
16 any company or corporation receiving loans or other assist-
17 ance from the Administration shall be punished by a fine
18 of not more than \$10,000 or by imprisonment for not more
19 than five years, or both.

20 SEC. 11. It shall be the duty of the Administration and
21 it is hereby empowered, whenever it determines such action
22 is necessary—

23 (a) to make a complete inventory of all productive
24 facilities of small-business concerns which can be used for
25 war or defense production, or to arrange for such inven-

1 tory to be made by any other governmental agency which
2 has the facilities. In making any such inventory, the
3 appropriate agencies in the several States may be re-
4 quested to furnish an inventory of the productive facilities
5 of small-business concerns in each respective State if such
6 an inventory is available or in prospect; and

7 (b) to coordinate and to ascertain the means by
8 which the productive capacity of small-business concerns
9 can be most effectively utilized for war or defense
10 production.

11 SEC. 12. When directed by the President, it shall be the
12 duty of the Administration to consult and cooperate with
13 governmental departments and agencies in the issuance of all
14 orders or in the formulation of policy or policies in any way
15 affecting small-business concerns. When directed by the
16 President all such governmental departments or agencies are
17 required, before issuing such orders or announcing such
18 policy or policies, to consult and cooperate with the Admin-
19 istration in order that the interests of small-business enter-
20 prises may be recognized, protected, and preserved.

21 SEC. 13. The Administration shall have power, and it is
22 hereby directed, whenever it determines such action is
23 necessary—

24 (a) to consult and cooperate with officers of the
25 Government having procurement powers, in order to

1 utilize the potential productive capacity of plants oper-
2 ated by small-business concerns;

3 ~~(b)~~ to obtain information as to methods and prac-
4 tices which Government prime contractors utilize in
5 letting subcontracts and to take action to encourage the
6 letting of subcontracts by prime contractors to small-
7 business concerns at prices and on conditions and terms
8 which are fair and equitable;

9 ~~(c)~~ to determine within any industry the concerns,
10 firms, persons, corporations, partnerships, cooperatives,
11 or other business enterprises, which are to be designated
12 "small-business concerns" for the purpose of effectuat-
13 ing the provisions of this Act;

14 ~~(d)~~ to certify to Government procurement officers
15 with respect to the competency, as to capacity and
16 credit, of any small-business concern or group of such
17 concerns to perform a specific Government procurement
18 contract;

19 ~~(e)~~ to obtain from any Federal department, estab-
20 lishment, or agency engaged in procurement or in the
21 financing of procurement or production such reports
22 concerning the letting of contracts and subcontracts and
23 making of loans to business concerns as it may deem
24 pertinent in carrying out its functions under this Act;

25 ~~(f)~~ to obtain from suppliers of materials informa-

1 tion pertaining to the method of filling orders and the
2 bases for allocating their supply, whenever it appears
3 that any small business is unable to obtain materials
4 from its normal sources for war or defense production;

5 ~~(g)~~ to make studies and recommendations to the
6 appropriate Federal agencies to insure a fair and equi-
7 table share of materials, supplies, and equipment to
8 small-business concerns to effectuate war or defense
9 programs;

10 ~~(h)~~ to consult and cooperate with all Government
11 agencies for the purpose of insuring that small-business
12 concerns shall receive fair and reasonable treatment
13 from said agencies; and

14 ~~(i)~~ to establish such advisory boards and commit-
15 tees wholly representative of small business as may be
16 found necessary to achieve the purposes of this Act.

17 SEC. 14. In any case in which a small-business concern
18 or group of such concerns has been certified by or under the
19 authority of the Administration to be a competent Govern-
20 ment contractor with respect to capacity and credit as to a
21 specific Government procurement contract, the officers of the
22 Government having procurement powers are directed to ac-
23 cept such certification as conclusive, and are authorized to let
24 such Government procurement contract to such concern or

1 group of concerns without requiring it to meet any other
2 requirement with respect to capacity and credit.

3 SEC. 15. To effectuate the purposes of this Act, small-
4 business concerns within the meaning of this Act shall receive
5 any award or contract or any part thereof as to which it is
6 determined by the Administration and the contracting pro-
7 curement agency ~~(A)~~ to be in the interest of mobilizing the
8 Nation's full productive capacity, or ~~(B)~~ to be in the interest
9 of war or national defense programs.

10 SEC. 16. The Administration shall make a report every
11 six months of operations under this Act to the President,
12 the President of the Senate, and the Speaker of the House of
13 Representatives. Such report shall include the names of
14 the business concerns to whom contracts are let and for
15 whom financing is arranged by the Administration, together
16 with the amounts involved, and such report shall include
17 such other information and such comments and recommenda-
18 tions as the Administration may deem appropriate.

19 SEC. 17. The Administration is hereby empowered to
20 make studies of the effect of price, credit, and other controls
21 imposed under war or defense programs and wherever it
22 finds that these controls discriminate against or impose undue
23 hardship upon small business, to make recommendations to

1 the appropriate Federal agency for the adjustment of con-
2 trols to the needs of small business.

3 SEC. 18. ~~(a)~~ The President is authorized to consult
4 with representatives of small-business concerns with a view
5 to encouraging the making by such persons with the approval
6 by the President of voluntary agreements and programs to
7 further the objectives of this Act.

8 ~~(b)~~ No act or omission to act pursuant to this Act
9 which occurs while this Act is in effect, if requested by the
10 President pursuant to a voluntary agreement or program
11 approved under subsection ~~(a)~~ and found by the President
12 to be in the public interest as contributing to the national
13 defense shall be construed to be within the prohibition of the
14 antitrust laws or the Federal Trade Commission Act of the
15 United States. A copy of each such request intended to be
16 within the coverage of this section, and any modification or
17 withdrawal thereof, shall be furnished to the Attorney Gen-
18 eral and the Chairman of the Federal Trade Commission
19 when made, and it shall be published in the Federal Register
20 unless publication thereof would, in the opinion of the
21 President, endanger the national security.

22 ~~(c)~~ The authority granted in subsection ~~(b)~~ shall be
23 delegated only ~~(1)~~ to an official who shall for the purpose of
24 such delegation be required to be appointed by the President

1 by and with the advice and consent of the Senate, and
2 ~~(2)~~ upon the condition that such official consult with the
3 Attorney General and with the Chairman of the Federal
4 Trade Commission not less than ten days before making any
5 request or finding thereunder, and ~~(3)~~ upon the condition
6 that such official obtain the approval of the Attorney General
7 to any request thereunder before making the request.

8 ~~(d)~~ Upon withdrawal of any request or finding made
9 hereunder the provisions of this section shall not apply to any
10 subsequent act or omission to act by reason of such finding or
11 request.

12 SEC. 19. ~~(a)~~ The President may transfer to the Admin-
13 istration any functions, powers, and duties of any department
14 or agency which relate primarily to small-business problems.
15 In connection with any such transfer, the President may
16 provide for appropriate transfers of records, property, neces-
17 sary personnel, and unexpended balances of appropriations
18 and other funds available to the department or agency from
19 which the transfer is made.

20 ~~(b)~~ The President may also provide for such transfers
21 of records, property, and personnel from the Small Defense
22 Plants Administration, during the period of its liquidation, as
23 he considers appropriate to assist the Small Business Admin-
24 istration in carrying out its functions under this Act. The

1 Defense Production Act of 1950, as amended, is further
2 amended by the repeal of section 714 of that Act.

3 SEC. 20. No loan shall be made or equipment, facilities,
4 or services furnished by the Administration under this Act
5 to any business enterprise unless the owners, partners, or
6 officers of such business enterprise ~~(1)~~ certify to the Admin-
7 istration the names of any attorneys, agents, or other persons
8 engaged by or on behalf of such business enterprise for
9 the purpose of expediting applications made to the Ad-
10 ministration for assistance of any sort, and the fees paid or to
11 be paid to any such persons; ~~(2)~~ execute an agreement bind-
12 ing any such business enterprise for a period of two years
13 after any assistance is rendered by the Administration to such
14 business enterprise, to refrain from employing, tending any
15 office or employment to, or retaining for professional services,
16 any person who, on the date such assistance or any part
17 thereof was rendered, or within one year prior thereto, shall
18 have served as an officer, attorney, agent, or employee of
19 the Administration occupying a position or engaging in activ-
20 ities which the Administration shall have determined involve
21 discretion with respect to the granting of assistance under
22 this Act; and ~~(3)~~ shall furnish the names of lending institu-
23 tions to which such business enterprise has applied for loans
24 together with dates, amounts, terms, and proof of refusal.

1 SEC. 21. To the fullest extent the Administration deems
2 practicable, it shall make a fair charge for the use of
3 Government-owned property and make and let contracts on
4 a basis that will result in a recovery of the direct costs
5 incurred by the Administration.

6 ~~SEC. 22.~~ There are hereby authorized to be appropriated
7 such sums as may be necessary and appropriate for the
8 carrying out of the provisions and purposes of this ~~Act.~~

9 SEC. 23. If any provision of this Act, or the application
10 thereof to any person or circumstances, is held invalid, the
11 remainder of this Act, and the application of such provision
12 to other persons or circumstances, shall not be affected
13 thereby.

TITLE I

15 *SEC. 101. This title may be cited as the “Reconstruc-*
16 *tion Finance Corporation Liquidation Act”.*

17 SEC. 102. (a) The first sentence of section 3 (a) of the
18 Reconstruction Finance Corporation Act, as amended (15
19 U. S. C. 603 (a)), is amended by striking out "June 30,
20 1956" and inserting in lieu thereof "June 30, 1954".

(b) Subsection (f) of section 4 of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 604 (f)), is amended by striking out "June 30, 1954" and inserting in lieu thereof "the sixtieth day after the date of

1 enactment of the Reconstruction Finance Corporation Liqui-
2 dation Act”.

3 (c) Except as otherwise provided in this Act, the liqui-
4 dation of assets and winding up of affairs of the Reconstruc-
5 tion Finance Corporation shall be carried out as expeditiously
6 as possible in accordance with the provisions of sections 9
7 and 10 of the Reconstruction Finance Corporation Act.
8 Whenever it is feasible, public notice of the proposed sale
9 shall be given.

10 (d) The Secretary of the Treasury is authorized to incur
11 and pay out of the funds of the Corporation all administrative
12 expenses necessary to carry out the functions vested in him
13 as a result of the enactment of this Act. Such expenses
14 shall be limited to and charged against amounts made avail-
15 able to the Corporation or to the Secretary of the Treasury
16 in appropriation Acts for applicable administrative expenses,
17 which amounts shall not include any sums transferred to an
18 officer or agency of the Government, other than the Secretary
19 of the Treasury. The activities engaged in by the Secretary
20 of the Treasury as a result of the enactment of this Act shall
21 continue to be subject to the provisions of the Government
22 Corporation Control Act.

23 (e) Notwithstanding the provisions of section 5136,
24 United States Revised Statutes (12 U. S. C., sec. 24) and

1 section 9 of the Federal Reserve Act (12 U. S. C., sec. 335),
2 any national bank or State member bank of the Federal Re-
3 serve System (as defined in section 1 of the Federal Reserve
4 Act, as amended (12 U. S. C., sec. 221)), may acquire and
5 hold stock in, or may make loans to, private corporations
6 formed solely for the purpose of acquiring from the Recon-
7 struction Finance Corporation all or any part of any loans
8 or securities owned in whole or in part by it and of liquidat-
9 ing such loans or securities in accordance with such terms and
10 conditions as may be agreed upon with the Reconstruction
11 Finance Corporation; and, notwithstanding the provisions of
12 section 24 of the Federal Reserve Act (12 U. S. C., sec.
13 371), any national bank, acting alone or with one or more
14 other financing institutions, may purchase from the Recon-
15 struction Finance Corporation all or any part of any loan
16 owned in whole or in part by it: Provided, however, That the
17 total amount of the investments of any national bank or State
18 member bank in stock under authority of this sentence shall
19 not exceed at any one time 1 per centum of the capital and
20 surplus of such bank, and the total amount of the investments
21 of any such bank under authority of this sentence in stock
22 and loans and purchases shall not in the aggregate at any one
23 time exceed 10 per centum of the capital and surplus of such
24 bank.

1 *SEC. 103. Section 2 of the joint resolution entitled*
2 *“Joint resolution to strengthen the common defense and to*
3 *meet industrial needs for tin by providing for the mainte-*
4 *nance of a domestic tin-smelting industry”, approved June*
5 *28, 1947 (61 Stat. 190), is amended by striking out “the*
6 *Reconstruction Finance Corporation while that Corporation*
7 *has succession, and thereafter by”.*

8 *SEC. 104. All functions, powers, duties, and authority*
9 *of the Reconstruction Finance Corporation under section 409*
10 *of the Federal Civil Defense Act of 1950, together with all*
11 *assets, funds, contracts, loans, liabilities, commitments, au-*
12 *thorizations, allocations, personnel, and records primarily*
13 *related to the exercise of such functions, powers, duties, and*
14 *authority, are transferred to the Secretary of the Treasury,*
15 *and shall be performed, exercised, and administered by the*
16 *Secretary in accordance with the provisions of such section.*

17 *SEC. 105. No suit, action, or other proceeding lawfully*
18 *commenced by or against the Reconstruction Finance Cor-*
19 *poration shall abate by reason of the termination of succes-*
20 *sion of the Corporation; but the court may, on motion or*
21 *supplemental petition filed at any time within twelve months*
22 *after the date of such termination of succession and showing*
23 *a necessity for a survival of such suit, action, or other pro-*
24 *ceeding to obtain a settlement of the questions involved,*

1 allow the same to be maintained by or against the officer or
2 agency of the Government performing the functions with
3 respect to which any such suit, action, or other proceeding
4 was commenced.

5 *SEC. 106. (a) Upon the termination of succession of*
6 *the Reconstruction Finance Corporation the Administrator*
7 *of the Reconstruction Finance Corporation shall make a full*
8 *report to the Congress.*

9 *(b) During such period of time as the Secretary of the*
10 *Treasury shall be engaged in liquidating the assets and*
11 *winding up the affairs of the Reconstruction Finance Corpo-*
12 *ration, pursuant to section 10 of the Reconstruction Finance*
13 *Corporation Act, he shall make quarterly reports to the*
14 *Congress setting forth the progress of such liquidation and*
15 *winding up of affairs.*

16 *TITLE II*

17 *SEC. 201. This title may be cited as the "Small Business*
18 *Act of 1953".*

19 *SEC. 202. The essence of the American economic system*
20 *of private enterprise is free competition. Only through full*
21 *and free competition can free markets, free entry into*
22 *business, and opportunities for the expression and growth*
23 *of personal initiative and individual judgment be assured.*

1 *The preservation and expansion of such competition is basic*
2 *not only to the economic well-being but to the security of*
3 *this Nation. Such security and well-being cannot be realized*
4 *unless the actual and potential capacity of small business is*
5 *encouraged and developed. It is the declared policy of the*
6 *Congress that the Government should aid, counsel, assist,*
7 *and protect insofar as is possible the interests of small-*
8 *business concerns in order to preserve free competitive*
9 *enterprise, to insure that a fair proportion of the total*
10 *purchases and contracts for supplies and services for the*
11 *Government be placed with small-business enterprises, and to*
12 *maintain and strengthen the overall economy of the Nation.*

13 *Further, it is the declared policy of the Congress that*
14 *the Government should aid and assist unfortunate victims*
15 *of floods or other catastrophes.*

16 *SEC. 203. For the purposes of this title, a small-business*
17 *concern shall be deemed to be one which is independently*
18 *owned and operated and which is not dominant in its field*
19 *of operation. In addition to the foregoing criteria the Ad-*
20 *ministration, in making a detailed definition, may use these*
21 *criteria, among others: Number of employees and dollar*
22 *volume of business.*

23 *SEC. 204. (a) In order to carry out the policies of this*
24 *title there is hereby created an agency under the name*

1 “Small Business Administration” (herein referred to as the
2 Administration), which Administration shall be under the
3 general direction and supervision of the President and shall
4 not be affiliated with or be within any other agency or
5 department of the Federal Government. The principal office
6 of the Administration shall be located in the District of
7 Columbia, but the Administration may establish such branch
8 offices in other places in the United States as may be deter-
9 mined by the Administrator of the Administration.

10 (b) The Administration is authorized to obtain money
11 from the Treasury of the United States for use in the per-
12 formance of the powers and duties granted to or imposed
13 upon it by law, not to exceed a total of \$300,000,000 out-
14 standing at any one time. For this purpose appropriations
15 not to exceed \$300,000,000 are hereby authorized to be
16 made to a revolving fund in the Treasury. Advances shall
17 be made to the Administration from the revolving fund
18 when requested by the Administration. This revolving fund
19 shall be used for the purposes enumerated subsequently in
20 section 207 (a), (b), (c), (d), and (f). Not to exceed an
21 aggregate of \$150,000,000 shall be outstanding at any one
22 time for the purposes enumerated in section 207 (a). Not
23 to exceed \$25,000,000 shall be outstanding at any one
24 time for the purposes enumerated in section 207 (b). Not.

1 to exceed an aggregate of \$100,000,000 shall be outstand-
2 ing at any one time for the purposes enumerated in sections
3 207 (c) and (d). Not to exceed an aggregate of \$25,000,-
4 000 shall be outstanding at any one time for the purposes
5 enumerated in section 207 (f). The Administration shall
6 pay into miscellaneous receipts of the Treasury at the close
7 of each fiscal year, interest on the amount of advances out-
8 standing at a rate determined by the Secretary of the
9 Treasury, taking into consideration the current average rate
10 on outstanding interest-bearing marketable public debt obli-
11 gations of the United States of comparable maturities.

12 (c) The management of the Administration shall be
13 vested in an Administrator who shall be appointed from
14 civilian life by the President, by and with the advice and
15 consent of the Senate, and who shall be a person of out-
16 standing qualifications known to be familiar and sympathetic
17 with small-business needs and problems. The Administrator
18 shall receive compensation at the rate of \$17,500 per annum.
19 The Administrator shall not engage in any other business,
20 vocation, or employment than that of serving as Administra-
21 tor. The Administrator is authorized to appoint three deputy
22 administrators to assist in the execution of the functions
23 vested in the Administration. Deputy administrators shall
24 be paid at the rate of \$15,000 per annum.

1 (d) There is hereby created the Loan Policy Board of
2 the Small Business Administration, which shall consist of
3 the following members, all *ex officio*: The Administrator,
4 as Chairman, the Secretary of the Treasury, and the Secre-
5 tary of Commerce. The Loan Policy Board shall establish
6 general policies (particularly with reference to the public
7 interest involved in the granting and denial of applications
8 for financial assistance by the Administration and with ref-
9 erence to the coordination of the functions of the Adminis-
10 tration with other activities and policies of the Government)
11 which shall govern the granting and denial of applications
12 for financial assistance by the Administration.

13 SEC. 205. (a) The Administration shall have power to
14 adopt, alter, and use a seal, which shall be judicially noticed.
15 The Administrator is authorized, subject to the civil-service
16 and classification laws, to select, employ, appoint, and fix
17 the compensation of such officers, employees, attorneys, and
18 agents as shall be necessary to carry out the provisions of
19 this title; to define their authority and duties, require bonds
20 of them, and fix the penalties thereof. The Administration,
21 with the consent of any board, commission, independent es-
22 tablishment, or executive department of the Government,
23 shall avail itself on a reimbursable basis of the use of infor-
24 mation, services, facilities, including any field service thereof,

1 officers, and employees thereof, in carrying out the provi-
2 sions of this title.

3 (b) In the performance of, and with respect to, the
4 functions, powers, and duties vested in him by this title,
5 the Administrator may—

6 (1) sue and be sued in any court of record of a
7 State having general jurisdiction, or in any United
8 States district court, and jurisdiction is conferred upon
9 such district court to determine such controversies with-
10 out regard to the amount in controversy: Provided, That
11 no attachment, injunction, garnishment, or other similar
12 process, mesne or final, shall be issued against the
13 Administrator or his property;

14 (2) under regulations prescribed by him, assign or
15 sell at public or private sale, or otherwise dispose of
16 for cash or credit, in his discretion and upon such terms
17 and conditions and for such consideration as the Admin-
18 istrator shall determine to be reasonable, any evidence
19 of debt, contract, claim, personal property, or security
20 assigned to or held by him in connection with the pay-
21 ment of loans granted under this title, and to collect or
22 compromise all obligations assigned to or held by him
23 and all legal or equitable rights accruing to him in
24 connection with the payment of such loans until such

1 *time as such obligation may be referred to the Attorney*
2 *General for suit or collection;*

3 *(3) deal with, complete, renovate, improve, mod-*
4 *ernize, insure, or rent, or sell for cash or credit upon*
5 *such terms and conditions and for such consideration*
6 *as the Administrator shall determine to be reasonable,*
7 *any real property conveyed to or otherwise acquired by*
8 *him in connection with the payment of loans granted*
9 *under this title;*

10 *(4) pursue to final collection, by way of com-*
11 *promise or otherwise, all claims against third parties*
12 *assigned to the Administrator in connection with loans*
13 *made by him. This shall include authority to obtain*
14 *deficiency judgments or otherwise in the case of mort-*
15 *gages assigned to the Administrator. Section 3709*
16 *of the Revised Statutes, as amended (41 U. S. C. 5),*
17 *shall not be construed to apply to any contract of hazard*
18 *insurance or to any purchase or contract for services or*
19 *supplies on account of property obtained by the Admin-*
20 *istrator as a result of loans made under this title if the*
21 *premium therefor or the amount thereof does not ex-*
22 *ceed \$1,000. The power to convey and to execute in*
23 *the name of the Administrator deeds of conveyance,*
24 *deeds of release, assignments and satisfactions of mort-*
25 *gages, and any other written instrument relating to real*

1 *property or any interest therein acquired by the Admin-*
2 *istrator pursuant to the provisions of this title may be*
3 *exercised by the Administrator or by any officer or*
4 *agent appointed by him without the execution of any*
5 *express delegation of power or power of attorney. Noth-*
6 *ing in this section shall be construed to prevent the*
7 *Administrator from delegating such power by order or*
8 *by power of attorney, in his discretion, to any officer or*
9 *agent he may appoint;*

10 *(5) acquire, in any lawful manner, any property*
11 *(real, personal, or mixed, tangible or intangible), when-*
12 *ever deemed necessary or appropriate to the conduct*
13 *of the activities authorized in section 207 (a) or 207*
14 *(b) of this title;*

15 *(6) make such rules and regulations as he deems*
16 *necessary to carry out the authority vested in him by or*
17 *pursuant to this title; and*

18 *(7) in addition to any powers, functions, privileges,*
19 *and immunities otherwise vested in him, take any and*
20 *all actions determined by him to be necessary or desir-*
21 *able in making, servicing, compromising, modifying,*
22 *liquidating, or otherwise dealing with or realizing on*
23 *loans made under the provisions of this title.*

24 *(c) To such extent as he finds necessary to carry out*
25 *the provisions of this title, the Administrator is hereby*

1 authorized to procure the temporary (not in excess of six
2 months) service of experts or consultants or organizations
3 thereof, including stenographic reporting services, by contract
4 or appointment, and in such cases such service shall be with-
5 out regard to the civil-service and classification laws, and
6 except in the case of stenographic reporting services by
7 organizations, without regard to section 3709, Revised Stat-
8 utes, as amended (41 U. S. C. 5).

9 (d) The Administrator is hereby authorized to determine
10 the character of and the necessity for the obligations and
11 expenditures of the Administration, and the manner in which
12 they shall be incurred, allowed, and paid, subject to provisions
13 of law specifically applicable to Government corporations.

14 SEC. 206. (a) All moneys of the Administration not
15 otherwise employed may be deposited with the Treasurer of the
16 United States subject to check by authority of the Adminis-
17 tration. The Federal Reserve banks are authorized and
18 directed to act as depositaries, custodians, and fiscal agents
19 for the Administration in the general performance of its
20 powers conferred by this title. Any banks insured by the
21 Federal Deposit Insurance Corporation when designated by
22 the Secretary of the Treasury, shall act as custodians, and
23 financial agents for the Administration. Each Federal Re-
24 serve bank, when designated by the Administrator as fiscal
25 agent for the Administration, shall be entitled to be reim-

1 bursed for all expenses incurred by such fiscal agent when
2 acting as agent on behalf of the Administration, including
3 among such expenses, notwithstanding other provisions of law,
4 attorney's fees and expenses of litigation.

5 (b) The Administrator shall contribute to the civil-service
6 retirement and disability fund, on the basis of annual billings
7 as determined by the Civil Service Commission, for the Gov-
8 ernment's share of the cost of the civil-service retirement
9 system applicable to the employees engaged in carrying out
10 the functions financed by the revolving fund established by
11 section 204 (b) of this Act. The Administrator shall also
12 contribute to the employees' compensation fund, on the basis
13 of annual billings as determined by the Secretary of Labor
14 for the benefit payments made from such fund on account of
15 employees engaged in carrying out the functions financed by
16 such revolving fund. The annual billings shall also include
17 a statement of the fair portion of the cost of the administra-
18 tion of the respective funds, which shall be paid by the Ad-
19 ministrator into the Treasury as miscellaneous receipts.

20 SEC. 207. The Administration is empowered—

21 (a) to make loans to enable small-business concerns
22 to finance plant construction, conversion, or expansion,
23 including the acquisition of land; or to finance the ac-
24 quisition of equipment, facilities, machinery, supplies, or
25 materials; or to supply such concerns with working

capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: Provided, however, That the foregoing powers shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available:

(2) No financial assistance shall be extended pursuant to (a) above if the total amount of the borrower's indebtedness to the Administration, both for disbursed and undisbursed loans, plus the total amount of such borrower's indebtedness in any part of which the Administration is obligated to partici-

1 pate on any basis would exceed \$200,000, and no
2 loan including renewals or extensions thereof may
3 be made for a period or periods exceeding ten years,
4 except that any loan made for the purpose of con-
5 structing industrial facilities may have a maturity of
6 ten years plus such additional period as is estimated
7 may be required to complete such construction;

8 (3) In agreements to participate in loans on a
9 deferred basis, such participations by the Adminis-
10 tration shall not be in excess of 90 per centum of the
11 balance of the loan outstanding at the time of dis-
12 bursement;

13 (b) to make loans to unfortunate victims of floods
14 or other catastrophes in accordance with general policies
15 prescribed by the Small Business Loan Policy Board and
16 as the Administrator deems necessary or appropriate:
17 Provided, That no such loan including renewals and
18 extensions thereof may be made for a period or periods
19 exceeding ten years except that where such loan is for
20 acquisition or construction (including acquisition of site
21 therefor) of housing for the personal occupancy of the
22 borrower, it may be made for a period not to exceed
23 twenty years;

24 (c) to enter into contracts with the United States
25 Government and any department, agency, or officer

1 *thereof having procurement powers obligating the Ad-*
2 *ministration to furnish articles, equipment, supplies, or*
3 *materials to the Government;*

4 *(d) to arrange for the performance of such con-*
5 *tracts by negotiating or otherwise letting subcontracts*
6 *to small-business concerns or others for the manufacture,*
7 *supply, or assembly of such articles, equipment, supplies,*
8 *or materials, or parts thereof, or servicing or processing*
9 *in connection therewith, or such management services*
10 *as may be necessary to enable the Administration to*
11 *perform such contracts;*

12 *(e) to provide technical and managerial aids to*
13 *small-business concerns, by advising and counseling on*
14 *matters in connection with Government procurement*
15 *and on policies, principles, and practices of good man-*
16 *agement including but not limited to cost accounting,*
17 *methods of financing, business insurance, accident con-*
18 *trol, wage incentives and methods engineering, by*
19 *cooperating and advising with voluntary business, pro-*
20 *fessional, educational, and other nonprofit organizations,*
21 *associations, and institutions and with other Federal*
22 *and State agencies, by maintaining a clearinghouse for*
23 *information concerning the managing, financing, and*
24 *operation of small-business enterprises, by disseminating*

1 *such information, and by such other activities as are*
2 *deemed appropriate by the Administration; and*

3 *(f) in order to aid in financing projects under*
4 *Federal, State, or municipal law, to purchase the securi-*
5 *ties and obligations of, or make loans to, (1) States,*
6 *municipalities and political subdivisions of States, (2)*
7 *public agencies and instrumentalities of one or more*
8 *States, municipalities, and political subdivisions of States,*
9 *and (3) public corporations, boards, and commissions:*
10 *Provided, That no such purchase or loan shall be made*
11 *for payment of ordinary governmental or nonproject*
12 *operating expenses as distinguished from purchases and*
13 *loans to aid in financing specific public projects: Pro-*
14 *vided, however, That the foregoing powers shall be sub-*
15 *ject to the following restrictions and limitations:*

16 *(A) No financial assistance shall be extended*
17 *pursuant to (f) above unless the financial assistance*
18 *applied for is not otherwise available on reasonable*
19 *terms and all securities and obligations purchased*
20 *and all loans made under (f) above shall be of such*
21 *sound value or so secured as reasonably to assure re-*
22 *tirement or repayment, and such loans may be made*
23 *either directly or in cooperation with banks or other*
24 *lending institutions through agreements to participate*
25 *or by the purchase of participations or otherwise;*

(B) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof which have maturity dates in excess of forty years.

SEC. 208. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

SEC. 209. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other

1 things of value, whether belonging to it or pledged or other-
2 wise entrusted to it, or (B) with intent to defraud the
3 Administration or any other body politic or corporate, or
4 any individual, or to deceive any officer, auditor, or examiner
5 of the Administration makes any false entry in any book,
6 report, or statement of or to the Administration, or, without
7 being duly authorized, draws any order or issues, puts forth,
8 or assigns any note, debenture, bond, or other obligation,
9 or draft, bill of exchange, mortgage, judgment, or decree
10 thereof, or (C) with intent to defraud participates, shares,
11 receives directly or indirectly any money, profit, property,
12 or benefit through any transaction, loan, commission, con-
13 tract, or any other act of the Administration, or (D) gives
14 any unauthorized information concerning any future action
15 or plan of the Administration which might affect the value
16 of securities, or, having such knowledge, invests or specu-
17 lates, directly or indirectly, in the securities or property of
18 any company or corporation receiving loans or other assist-
19 ance from the Administration shall be punished by a fine
20 of not more than \$10,000 or by imprisonment for not more
21 than five years, or both.

22 SEC. 210. It shall be the duty of the Administration and
23 it is hereby empowered, whenever it determines such action
24 is necessary—

25 (a) to make a complete inventory of all productive

1 facilities of small-business concerns which can be used
2 for war or defense production, or to arrange for such
3 inventory to be made by any other governmental agency
4 which has the facilities. In making any such inventory,
5 the appropriate agencies in the several States may be
6 requested to furnish an inventory of the productive
7 facilities of small-business concerns in each respective
8 State if such an inventory is available or in prospect;
9 and

10 (b) to coordinate and to ascertain the means by
11 which the productive capacity of small-business concerns
12 can be most effectively utilized for war or defense
13 production.

14 SEC. 211. When directed by the President, it shall be
15 the duty of the Administration to consult and cooperate
16 with governmental departments and agencies in the issuance
17 of all orders or in the formulation of policy or policies in
18 any way affecting small-business concerns. When directed
19 by the President all such governmental departments or agen-
20 cies are required, before issuing such orders or announcing
21 such policy or policies, to consult and cooperate with the
22 Administration in order that the interests of small-business
23 enterprises may be recognized, protected, and preserved.

24 SEC. 212. The Administration shall have power, and

1 *it is hereby directed, whenever it determines such action is*
2 *necessary—*

3 *(a) to consult and cooperate with officers of the*
4 *Government having procurement powers, in order to*
5 *utilize the potential productive capacity of plants oper-*
6 *ated by small-business concerns;*

7 *(b) to obtain information as to methods and prac-*
8 *tices which Government prime contractors utilize in*
9 *letting subcontracts and to take action to encourage the*
10 *letting of subcontracts by prime contractors to small-*
11 *business concerns at prices and on conditions and terms*
12 *which are fair and equitable;*

13 *(c) to determine within any industry the concerns,*
14 *firms, persons, corporations, partnerships, cooperatives,*
15 *or other business enterprises, which are to be designated*
16 *“small-business concerns” for the purpose of effectuating*
17 *the provisions of this title;*

18 *(d) to certify to Government procurement officers*
19 *with respect to the competency, as to capacity and*
20 *credit, of any small-business concern or group of such*
21 *concerns to perform a specific Government procurement*
22 *contract;*

23 *(e) to obtain from any Federal department, estab-*
24 *lishment, or agency engaged in procurement or in the*

1 *financing of procurement or production such reports con-*
2 *cerning the letting of contracts and subcontracts and*
3 *making of loans to business concerns as it may deem*
4 *pertinent in carrying out its functions under this title;*

5 *(f) to obtain from suppliers of materials informa-*
6 *tion pertaining to the method of filling orders and the*
7 *bases for allocating their supply, whenever it appears*
8 *that any small business is unable to obtain materials*
9 *from its normal sources for war or defense production;*

10 *(g) to make studies and recommendations to the*
11 *appropriate Federal agencies to insure a fair and*
12 *equitable share of materials, supplies, and equipment to*
13 *small-business concerns to effectuate war or defense*
14 *programs;*

15 *(h) to consult and cooperate with all Government*
16 *agencies for the purpose of insuring that small-business*
17 *concerns shall receive fair and reasonable treatment*
18 *from said agencies; and*

19 *(i) to establish such advisory boards and commit-*
20 *tees wholly representative of small business as may be*
21 *found necessary to achieve the purposes of this title.*

22 *SEC. 213. In any case in which a small-business concern*
23 *or group of such concerns has been certified by or under the*
24 *authority of the Administration to be a competent Govern-*

1 ment contractor with respect to capacity and credit as to a
2 specific Government procurement contract, the officers of the
3 Government having procurement powers are directed to
4 accept such certification as conclusive, and are authorized to
5 let such Government procurement contract to such concern or
6 group of concerns without requiring it to meet any other
7 requirement with respect to capacity and credit.

8 *SEC. 214. To effectuate the purposes of this title, small-*
9 *business concerns within the meaning of this title shall receive*
10 *any award or contract or any part thereof as to which it is*
11 *determined by the Administration and the contracting pro-*
12 *curement agency (A) to be in the interest of mobilizing the*
13 *Nation's full productive capacity, or (B) to be in the*
14 *interest of war or national defense programs.*

15 *SEC. 215. The Administration shall make a report every*
16 *six months of operations under this title to the President, the*
17 *President of the Senate, and the Speaker of the House of*
18 *Representatives. Such report shall include the names of the*
19 *business concerns to whom contracts are let and for whom*
20 *financing is arranged by the Administration, together with*
21 *the amounts involved, and such report shall include such*
22 *other information and such comments and recommendations*
23 *as the Administration may deem appropriate.*

24 *SEC. 216. The Administration is hereby empowered to*
25 *make studies of the effect of price, credit, and other controls*

1 imposed under war or defense programs and wherever it
2 finds that these controls discriminate against or impose undue
3 hardship upon small business, to make recommendations to
4 the appropriate Federal agency for the adjustment of controls
5 to the needs of small business.

6 SEC. 217. (a) The President is authorized to consult
7 with representatives of small-business concerns with a view
8 to encouraging the making by such persons with the approval
9 of the President of voluntary agreements and programs to
10 further the objectives of this title.

11 (b) No act or omission to act pursuant to this title
12 which occurs while this title is in effect, if requested by the
13 President pursuant to a voluntary agreement or program
14 approved under subsection (a) of this section and found by
15 the President to be in the public interest as contributing to
16 the national defense, shall be construed to be within the pro-
17 hibition of the antitrust laws or the Federal Trade Commis-
18 sion Act of the United States. A copy of each such request
19 intended to be within the coverage of this section, and any
20 modification or withdrawal thereof, shall be furnished to
21 the Attorney General and the Chairman of the Federal Trade
22 Commission when made, and it shall be published in the
23 Federal Register unless publication thereof would, in the
24 opinion of the President, endanger the national security.

25 (c) The authority granted in subsection (b) of this sec-

1 tion shall be delegated only (1) to an official who shall for
2 the purpose of such delegation be required to be appointed
3 by the President by and with the advice and consent of the
4 Senate and (2) upon the condition that such official consult
5 with the Attorney General and with the Chairman of the
6 Federal Trade Commission not less than ten days before
7 making any request or finding thereunder, and (3) upon
8 the condition that such official obtain the approval of the
9 Attorney General to any request thereunder before making
10 the request.

11 (d) Upon withdrawal of any request or finding made
12 hereunder the provisions of this section shall not apply to
13 any subsequent act or omission to act by reason of such
14 finding or request.

15 SEC. 218. (a) The President may transfer to the Ad-
16 ministration any functions, powers, and duties of any depart-
17 ment or agency which relate primarily to small-business
18 problems. In connection with any such transfer, the Presi-
19 dent may provide for appropriate transfers of records, prop-
20 erty, necessary personnel, and unexpended balances of
21 appropriations and other funds available to the department
22 or agency from which the transfer is made.

23 (b) The President may also provide for such transfers
24 of records, property, and personnel from the Small Defense
25 Plants Administration, during the period of its liquidation,

1 as he considers appropriate to assist the Small Business Ad-
2 ministration in carrying out its functions under this title.

3 SEC. 219. No loan shall be made or equipment, facilities,
4 or services furnished by the Administration under this title
5 to any business enterprise unless the owners, partners, or
6 officers of such business enterprise (1) certify to the Ad-
7 ministration the names of any attorneys, agents, or other
8 persons engaged by or on behalf of such business enterprise
9 for the purpose of expediting applications made to the Ad-
10 ministration for assistance of any sort, and the fees paid or
11 to be paid to any such persons; (2) execute an agreement
12 binding any such business enterprise for a period of two
13 years after any assistance is rendered by the Administration
14 to such business enterprise, to refrain from employing, ten-
15 dering any office or employment to, or retaining for pro-
16 fessional services, any person who, on the date such assist-
17 ance or any part thereof was rendered, or within one year
18 prior thereto, shall have served as an officer, attorney, agent,
19 or employee of the Administration occupying a position or
20 engaging in activities which the Administration shall have
21 determined involved discretion with respect to the granting
22 of assistance under this title; and (3) furnish the names of
23 lending institutions to which such business enterprise has
24 applied for loans together with dates, amounts, terms, and
25 proof of refusal.

1 *SEC. 220. To the fullest extent the Administration*
2 *deems practicable, it shall make a fair charge for the use*
3 *of Government-owned property and make and let contracts*
4 *on a basis that will result in a recovery of the costs incurred*
5 *by the Administration, including interest and depreciation.*

6 *SEC. 221. There are hereby authorized to be appro-*
7 *priated such sums as may be necessary and appropriate*
8 *for the carrying out of the provisions and purposes of this*
9 *title.*

10 *SEC. 222. (a) This title and all authority conferred*
11 *thereunder shall terminate at the close of June 30, 1955,*
12 *but the President may continue the Administration for pur-*
13 *poses of liquidation for not to exceed six months after such*
14 *termination.*

15 *(b) The termination of this title shall not affect the*
16 *disbursement of funds under, or the carrying out of, any*
17 *contract, commitment, or other obligation entered into pur-*
18 *suant to this title prior to the date of such termination, or*
19 *the taking of any action necessary to preserve or protect the*
20 *interests of the United States.*

21 *SEC. 223. If any provision of this Act, or the applica-*
22 *tion thereof to any person or circumstances, is held invalid,*
23 *the remainder of this Act, and the application of such provi-*
24 *sion to other persons or circumstances, shall not be affected*
25 *thereby.*

Amend the title so as to read: "An Act to dissolve the Reconstruction Finance Corporation, to establish the Small Business Administration, and for other purposes."

Passed the House of Representatives June 5, 1953.

Attest:

LYLE O. SNADER,

Clerk.

Passed the Senate with amendments July 20 (legislative day July 6) , 1953.

Attest:

J. MARK TRICE,

Secretary.

AN ACT

To create the Small Business Administration
and to preserve small business institutions
and free, competitive enterprise.

IN THE SENATE OF THE UNITED STATES

JULY 21 (legislative day, JULY 6), 1953

Ordered to be printed with the amendments of the
Senate

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 22, 1953
For actions of July 21, 1953
83rd-1st, No. 136

CONTENTS

Appropriations.....2,13,24	Food inspection.....7	Rubber.....4
Civil defense.....24	Food standards.....19	Small business.....5,31
Commodity exchanges.....20	Foreign aid.....16	Sugar.....3
Contracts.....11,21	Hawaii statehood.....25	Surplus property.....18,26
Cotton quotas.....15	Immigration.....30	Trade agreements.....9
Dairy products.....27	Lands, transfer.....10	Trade, foreign.....3,9
Drought relief.....14	Loans, farm.....1	Transportation.....29
Electrification.....23	Personnel.....6	Water conservation.....8,22
FCA reorganization.....1	Prices.....28	Water utilization.....17 ^{an} _{will}
Flood control.....2	Resource development.....23	Wheat agreement.....12 ^a

HIGHLIGHTS: Senate passed FCA reorganization bill. House committee reported Wheat Agreement. House Rules Committee cleared trade agreements bill. House agreed to conference report on 1st independent offices appropriation bill. Both Houses agreed to conference report on State, Justice, Commerce appropriation bill. Both Houses completed congressional action on Army civil appropriation bill. Senate committee reported bill to continue sugar agreement. Sen. Johnson, Tex., urged water conservation program. Rep. Ikard criticized USDA instructions for distributing drought-relief feed. Rep. Hagen criticized USDA stand on cotton allotments.

SENATE

- FCA REORGANIZATION.** Passed H. R. 4353, to provide for reorganization of the Farm-Credit Administration, with an amendment substituting the language of S. 1505 as reported. Sens. Schoeppel, Thyne, Mundt, Hoey, and Holland were appointed conferees. (pp. 9693-702.)
- APPROPRIATIONS.** Both Houses agreed to the conference report on H. R. 5376, the Army civil appropriation bill (which contains flood-control items), and acted on amendments which had been reported in disagreement (pp. 9672, 9593-9). This bill will now be sent to the President.
Both Houses agreed to the conference report on H. R. 4974, the State, Justice, Commerce appropriation bill for 1954, and acted on amendments which had been reported in disagreement. Senate conferees were appointed for a further conference on one amendment in disagreement. (pp. 9658-9, 9573-82).
H. R. 5969, the defense appropriation bill, was made the unfinished business (p. 9702).
- SUGAR.** The Foreign Relations Committee reported without reservation Executive L, a protocol prolonging for 3 years after August 31, 1952, the international agreement regarding the regulation of production and marketing of sugar (S. Ex. Rept. 6)(p. 9612).
- RUBBER.** Passed with amendments H. R. 5728, providing for sale of Government rubber-producing facilities (pp. 9645, 9652-3, 9655-8, 9661-76, 9673-92).

5. SMALL BUSINESS. Senate and House conferees were appointed on H. R. 5141, to create a Small Business Administration (pp. 9651-3, 9566).
6. PERSONNEL. Passed without amendment H. R. 5228, to provide annuities for retired Comptrollers General (pp. 9645, 9651-2). This bill will now be sent to the President.
7. FOOD INSPECTION. A subcommittee of the Labor and Public Welfare Committee voted to report to the full committee H. R. 5740, to restore Food and Drug Administration authority for factory inspections (p. D746).
8. WATER CONSERVATION. Sen. Johnson, Tex., urged a water-conservation program to prevent drought and floods (pp. 9612-3, 9617).

HOUSE

9. TRADE AGREEMENTS. The Rules Committee reported a resolution for consideration of H. R. 5894, to further amend the Trade Agreements Extension Act to provide additional protection to American workers, farmers, etc. (pp. 9566, 9610).
10. LAND TRANSFERS. The Agriculture Committee reported with amendment H. R. 107, to transfer the site of the original Ft. Buford to N. Dak. (H. Rept. 891) (p. 9610).
A subcommittee of the Government Operations Committee voted to report to the full Committee H. R. 5605, providing that transfers of real property from certain agencies (including CCC and certain FCA agencies) shall not operate to remove such real property from local tax rolls (p. D748).
11. CONTRACTS. The Judiciary Committee reported with amendment H. R. 1825, to prescribe policy and procedure in connection with construction contracts made by executive agencies (H. Rept. 892) (p. 9610).
12. WHEAT AGREEMENT. The Banking and Currency Committee reported without amendment S. J. Res. 97, to carry out the new International Wheat Agreement (H. Rept. 893) (p. 9610).
13. APPROPRIATIONS. Agreed to the conference report on H. R. 4663, the first independent offices appropriation bill for 1954 (pp. 9583-93).
14. DROUGHT RELIEF. Reps. Ikard, Rogers (Tex.), Marshall, Rayburn, Poage, and others criticized the Department's recent telegram containing instructions for dispensing Government surplus feed in the drought area (pp. 9605-8).
15. COTTON QUOTAS. Rep. Hagen, Calif., criticized John H. Davis' testimony before the House Agriculture Committee regarding H. R. 5669, Rep Hagen's bill on cotton allotments and quotas (pp. 9608-9).
16. FOREIGN AID. Rep. Rogers, Mass., commended the President's renewed offer of food for East Germany (p. 9609).
17. WATER UTILIZATION. The Interior and Insular Affairs Committee ordered reported (but did not actually report) S. 1197, consenting to a water compact between Nebr., Wyo., and S. Dak., and H. R. 4854, authorizing the Foster Creek irrigation works, Wash. (p. D748).

BILLS INTRODUCED

18. SURPLUS PROPERTY. H. R. 6432, by Rep. Lantaff, to permit disposal of surplus property for State and local health programs; to Government Operations



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 83^d CONGRESS, FIRST SESSION

Vol. 99

WASHINGTON, TUESDAY, JULY 21, 1953

No. 136

House of Representatives

The House met at 12 o'clock noon.
The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, in our prayer at this noon hour, we are beseeching Thee that we may be inspired and encouraged to cultivate and establish a nobler and more magnanimous spirit in all of life's human relationships.

We penitently confess that in our personal life there is frequently so much of indifference and selfish individualism, of pride and prejudice, of unneeded reserve and hurtful repression.

Grant that the day may dawn when Thy spirit shall prevail everywhere and when every knee shall bow unto Thee and every tongue confess that the Christ is the Lord to the glory of God.

Hear us in His name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 1991. An act relating to certain construction-cost adjustments in connection with the Greenfields division of the Sun River irrigation project, Montana.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested a bill of the House of the following title:

H. R. 5141. An act to create the Small Business Administration and to preserve small business institutions and free, competitive enterprise.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2399. A bill to amend the Atomic Energy Act of 1946, as amended.

The message also announced that the Senate agrees to the report of the com-

mittee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5690) entitled "An act making appropriations for additional independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1954, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 3, 11, 13, and 25 to the above-entitled bill.

TARIFF ON ALUMINUM

(Mr. MACK of Washington asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MACK of Washington. Mr. Speaker, the Ways and Means Committee has reported favorably a bill (H. R. 5534) which provides that the present 1½-cents-a-pound duty on aluminum shall be suspended for 1 year.

The history of such suspensions is that once a duty is suspended for 1 year this suspension later is extended from year to year with the actual effect being that the duty is permanently repealed.

The repeal of this 1½-cents-a-pound duty on aluminum will mean that the United States Government will lose, over the next 6 years, \$47 million in revenue that, it is anticipated, will be derived from the present duty on aluminum. I base this statement on the fact that it recently was announced that Canada has made commitments and contracts to supply United States users 3,112,000,000 pounds of aluminum during the next 6 years. If we remove this 1½-cents-a-pound tariff we are in effect cutting the taxes we have been collecting from the Canadian aluminum industry while not reducing the taxes on any type of industry in the United States. Why at a time when we are refusing to grant tax reductions to any American industry and when Congress feels compelled to continue the excess-profits tax should we consider reducing, in effect, the taxes

paid by Canadian corporations to the United States Treasury?

There is no evidence that if this 1½-cents-a-pound duty on aluminum is removed that American users will buy their aluminum any cheaper. Aluminum is sold on long-term contracts. If this tariff is removed, Canada will continue to get the market or contract price for their aluminum from American users. The Canadian aluminum producers merely will pocket the tariff reduction, \$47 million in 6 years, as an added profit.

Everyone knows that manufacturing costs in Canada, for labor, taxes, and other things, are substantially lower than in the United States. The small 1½-cents-a-pound duty now existing on aluminum helps to compensate for these differences in costs between the United States and Canada. This small tariff should be continued in the interest of protecting the jobs and payrolls of the aluminum workers of the United States, about one-half of whom work in the aluminum plants of Oregon and Washington.

ADJOURNMENT OF CONGRESS.

(Mr. GAVIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GAVIN. Mr. Speaker, I want to call attention to the Members of the House that the folks back home are somewhat concerned about the press reports and news comments relative to the rush that is on to adjourn Congress by July 31.

Legislation involving billions of dollars, the conditions in East Germany and Europe, the war in Korea where our American youth is enduring the misery, mud, filth, fatigue, and heat, and the horrors and hardship of mechanized warfare, are a few of the things they are thinking about.

Why the rush and the constant talk of a deadline date when there are so many complex and perplexing problems confronting us? Problems about which

the folks back home are greatly concerned.

I just want to be recorded as saying that as far as I am concerned, I am willing to stay here until all legislation is carefully, properly, and fully debated, if it takes the balance of the year.

SMALL BUSINESS ADMINISTRATION

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5141) to create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise, with Senate amendment thereto, disagree to the Senate amendment and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Michigan? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. WOLCOTT, GAMBLE, TALLE, KILBURN, SPENCE, BROWN of Georgia, and PATMAN.

COMMITTEE ON BANKING AND CURRENCY

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight tonight to file a report on Senate Joint Resolution 97.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may meet this afternoon if the House is in general debate on any bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AMENDING TRADE AGREEMENTS EXTENSION ACT OF 1951

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 347, Rept. No. 890), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5894) to amend the Trade Agreements Extension Act of 1951 and certain other provisions of law to provide adequate protection for American workers, miners, farmers, and producers, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means or amendments proposing to strike out a section, paragraph, or subparagraph of the bill. Amendments that may be offered to

said bill under the terms of this resolution shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

AMENDMENT TO TRADE AGREEMENTS EXTENSION ACT OF 1951

(Mr. RAYBURN asked and was given permission to address the House for 1 minute.)

Mr. RAYBURN. Mr. Speaker, I understand that the rule just filed makes in order consideration of the so-called Simpson bill. May I say now that the Congress of the United States, as far as our standing in the world is concerned and our leadership of the world is concerned would be greatly damaged by the enactment of this Simpson bill. It in effect repeals the reciprocal trade arrangements.

Before this bill comes up I would like to know the standing upon it of the Secretary of the Treasury, Mr. Humphrey, the Secretary of State, Mr. Dulles, and the President of the United States, Mr. Eisenhower. I trust that in some way I, as well as other Members of the House, may be informed of that stand before this bill comes to the House for consideration.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Indiana.

Mr. HALLECK. Of course, up to this point it is understood by all of us that several of the gentlemen to whom the gentleman referred testified before the committee in opposition to the bill as it contained then certain provisions that are still in it and as far as I know they were representing the position of the President and, so far as I know, there has been no change in that attitude.

Mr. RAYBURN. I trust that is true, but I would like to have a statement from each of them between now and the time the bill is considered clearly stating whether they support this legislation or whether they oppose it.

THIRD NATIONAL JAMBOREE OF THE BOY SCOUTS OF AMERICA

(Mr. HOSMER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HOSMER. Mr. Speaker, this last weekend, together with Vice President NIXON, Representative JAMES UTT, and Representative BAILEY MERRILL, I had the honor and privilege of attending the Third National Jamboree of the Boy Scouts of America at Irvine Ranch near Newport Beach, Calif. Almost 50,000 young Americans together with youngsters from 14 foreign nations are taking part in this inspirational occasion which commenced July 17 and continues until July 23.

Scouting has been almost a worldwide moral force for good citizenship for 43 years and I would like to review its his-

tory, progress, personalities, and accomplishments.

HISTORY OF SCOUTING

The Boy Scouts of America was incorporated in Washington, D. C., February 8, 1910, to meet a growing need for the training of American boys in such fundamental character values as dependability, initiative, and resourcefulness. In its 43 years it has grown to a membership of more than 3 million boys and adult leaders.

Scouting was founded in England by Robert Baden-Powell—later Lord Baden-Powell—whose work among English soldiers in South Africa led to the formation of a program of games and activities to make his men physically strong, self-reliant, and able to live comfortably in the wilderness. This program was later adapted to the boy level to become the great game of Scouting.

Scouting came to America because of a good turn. William D. Boyce, an American publisher, was lost in a London fog one day in 1909 when a lad appeared out of the gloom and doffered to guide Boyce to his destination. When Boyce tried to pay the boy for his services, the lad told the American that he was a Scout and Scouts do not accept pay for a Good Turn. Impressed, Boyce learned the story of Scouting and returned home to become one of the founders of the movement here.

THE SCOUT CODE

Scouting has the greatest moral code of modern times. Daily practice of the Scout oath and Scout law has led hundreds of thousands of boys into manhood strengthened in character and ideals. The Scout oath says:

On my honor I will do my best—to do my duty to God and my country, and to obey the Scout law; to help other people at all times; to keep myself physically strong, mentally awake, and morally straight.

The 12 points of the Scout law are:

A Scout is trustworthy, loyal, helpful, friendly, courteous, kind, obedient, cheerful, thrifty, brave, clean, reverent.

CUB SCOUTING, BOY SCOUTING, EXPLORING

The three programs in the Boy Scouts of America, each designed to fit the interests and capabilities of boys in different age levels, are Cub Scouting, Boy Scouting, and exploring.

Cub Scouting—for boys 8 to 11—is a home- and neighborhood-centered program of activities such as handicraft, model making, and group play. Cub Scouts learn history and tradition through activities based on American Indian lore, the crusades, and pioneering. They learn of the world about them by visits to parks, factories, museums, and so forth. They have a simple code of teamwork and helpfulness. The Cub Scouts' uniform is blue and gold and their activities are primarily guided by volunteer women leaders—den mothers.

Boy Scouting—for boys 11 to 14—is a great outdoor program based on hiking, camping, and nature lore. In developing the skills necessary to successful and enjoyable outdoor living, the Scout is also inadvertently developing self-reliance, reliability, resourcefulness, and like traits. Boy Scouts also learn a va-

were made in the bill, and they did, I am sure, relieve some of the misgivings of those who had been objecting to the bill.

Mr. FREAR. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPPEL. I yield.

Mr. FREAR. I should like to ask the Senator from Kansas who pays the members of the new Federal Board. Are they paid through appropriations?

Mr. SCHOEPPPEL. I will say to the distinguished Senator from Delaware that they are paid from assessments against supervised institutions.

Mr. FREAR. I notice that provision is made for appropriations, and I know the research department and perhaps some others will still have to be paid from appropriations, but to what extent does the execution of the purpose of the four branches of the Farm Credit Administration depend upon appropriations, and what percentage depend upon assessments?

Mr. SCHOEPPPEL. All the expenses of the Farm Credit Administration are paid by assessments.

Mr. FREAR. That will include the services of the Governor, also, will it not?

Mr. SCHOEPPPEL. That is correct.

I read from page 8 of the report:

Section 17(b) authorizes the expenditure of funds for certain specified services and property, including those usually covered by specific authorization in appropriation bills. With the exception of a direct appropriation from the Treasury each year for the operation of the Cooperative Research and Service Division (which by the bill would be taken out of the FCA) all the funds authorized by the Congress to be expended by the FCA are obtained from assessments against institutions supervised by the FCA.

Mr. FREAR. May I ask the Senator if it is not true that the franchise tax on the earnings of the Federal intermediate credit banks is sufficient to take care of the expenses? I realize that the franchise tax money goes into a guaranty fund and then into the Treasury, and then appropriations are made to take care of certain central functions of the Farm Credit Administration. But, comparatively, is it not a fact that the franchise tax about equals, if it does not a little more than equal, the expenses of the administration? In other words, does not the franchise tax from the organizations equal the appropriations made by Congress?

Mr. SCHOEPPPEL. They pay an assessment, but under the bill they would pay a franchise tax in addition.

Mr. FREAR. Yes; but the assessment is to take care of certain expenses, such as salaries of the Governor, the Members of the Board, and the supervisory expenses, examinations, and so forth. But there are other expenses, as I understand, which are paid by appropriations directly.

Mr. SCHOEPPPEL. It is expected that all expenses will be covered by assessments from supervised units. The assessment would be paid into the Treasury and then appropriated to pay the expenses.

Mr. FREAR. But the revenue from the franchise tax on the Federal intermediate credit banks reaches the Treas-

ury directly, I believe. Is not that correct?

Mr. SCHOEPPPEL. It goes into the Treasury directly, as a return on the Government's investment.

Mr. FREAR. Yes. Then the amount of appropriations and the amount received from the franchise tax are practically equal. If anything, there is probably a little excess balance in the Treasury. In other words, the operation and administration of the Farm Credit Administration, with perhaps the exception of the research department and the central bank cooperatives, involve no expense to the taxpayers of the United States.

Mr. SCHOEPPPEL. That is what has been represented, and I am certain that is the case. There is no expense to the taxpayers and the bill would provide some return to the Government.

Mr. FREAR. I have one further question. The present membership of the district farm credit board is made up of three members appointed by the Secretary of Agriculture or the President, whichever it may be; 1 elected by each of the 3 units, and the seventh selected from among 3 proposed by the National Farm Loan Association for each district.

In the pending bill, it is provided:

(A) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by national farm loan associations, surplus, and reserves of a Federal land bank shall equal or exceed 66⅔ percent of the total of the capital stock, surplus, and reserves of such bank—

The Farm Credit Association, Production Credit Association, and Bank for Cooperatives representatives can then have 2 members on each district board rather than 1.

Does that mean it will be necessary to wait until the total of those three, namely, the Federal land bank, the Production Credit Association, and the Bank Cooperative, each, individually, has 66⅔ percent of the capital stock, or can that be done individually? I think now the national farm loan associations are totally farmer owned. In other words, there is no Government capital in them.

Will it be possible for the National Farm Loan Association to elect immediately after the bill is passed 2 members of each district board rather than 1?

Mr. SCHOEPPPEL. It is my understanding, and I am informed, that it will be possible as soon as the bill is passed and the law becomes operative.

Mr. FREAR. Could the Production Credit Association as soon as they had 66⅔ percent of the capital stock, elect two?

Mr. SCHOEPPPEL. That is the case now in every district.

Mr. FREAR. I thank the able Senator from Kansas.

Mr. SCHOEPPPEL. Mr. President, I shall now defer to the distinguished senior Senator from Florida [Mr. HOLLAND], who has joined with me in reporting the measure. He may have some other information which he desires to present at this time.

Mr. HOLLAND. Mr. President, I thank the Senator from Kansas. I be-

lieve there is nothing material I can add, though, perhaps, there are three small points which I might call to the attention of the Senate.

One refers to the Division of Cooperative Marketing. That would not remain under the jurisdiction of the new Board setup, but, instead, would be transferred to the Department of Agriculture itself. That would be the only part of the agency which would still be a recipient of appropriations from Congress.

So far as the national setup, the regional organizations, and the local organizations, are concerned, they would all be operated upon the capital of the farmer.

The second point which I think should be made, because I did not catch it if it was made by my distinguished colleague, the Senator from Kansas, is that there is provided in the bill a Farm Credit Board of 13 members, to be selected as has been described by the Senator from Kansas. I think the membership of the Board is particularly interesting, in that each of the 12 members must come from 1 of the farm credit districts of the United States, of which there are 12. That would mean distribution of representation on the Board would be about as wide as possibly could be accomplished.

The 13th member of the Board would be named by the Secretary of Agriculture, to complete and continue direct contacts between the Federal Government as a whole, the Department of Agriculture, and the Board.

One of the differences between the House bill and the Senate bill as reported has to do with the 13th member. The House bill provided that the 13th member should be appointed by the Secretary of Agriculture, and should continue to function only so long as there was unretired capital of the United States in the various organizations, or any of them; and that when all Federal capital had been retired, the 13th Board member would cease to function.

It was the judgment of the Senate committee that there would be ample reason for the continuance of liaison and contact between the United States Department of Agriculture and the Board in its functioning after the retirement of Government capital, so the 13th Board member is provided on a permanent basis in the measure reported by the Senate committee.

There is one other respect in which there is a difference between the House bill and the Senate bill. The House bill provided a salary of \$17,500 for the Governor. It was strongly recommended by the Department of Agriculture that the salary should be reduced to \$15,000 because, as was pointed out by the Department of Agriculture, others serving in positions of similar importance were drawing salaries in the neighborhood of \$15,000, such as, for instance, the Administrator of the Rural Electrification Administration, and 1 or 2 others of top rank.

In closing, I think it might be interesting to observe that the bill is the product of an able committee of representatives of various areas and various

pointed on the Small Business Administration bill, House bill 5141, to create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise. At that time the Senator from Arkansas [Mr. FULBRIGHT] was appointed one of the conferees. I wish to have his name withdrawn as one of the conferees, and to have substituted the name of the Senator from Alabama [Mr. SPARKMAN].

The VICE PRESIDENT. Without objection, it is so ordered.

CREATION OF FEDERAL FARM CREDIT BOARD

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1505, Calendar No. 599.

The VICE PRESIDENT. The bill will be stated by title.

The CHIEF CLERK. A bill (S. 1505) to increase farmer participation in ownership and control of the Federal Farm Credit System to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax on certain farm credit institutions; and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to, and the Senate proceeded to consider the bill, S. 1505, which had been reported from the Committee on Agriculture and Forestry with amendments.

Mr. SCHOEPPPEL. Mr. President, the distinguished Senator from Vermont [Mr. AIKEN], chairman of the Committee on Agriculture and Forestry, designated the senior Senator from Kansas and the senior Senator from Florida [Mr. HOLLAND] to pass on this measure, reported from the Committee on Agriculture and Forestry. I am, of course, happy to have been associated with the senior Senator from Florida in handling the bill.

Senate bill 1505 represents a natural development in the cooperative agricultural credit system operated by the Farm Credit Administration in the Department of Agriculture. As farmer ownership of the system has increased, the demand of farmers for a greater voice in the management of the system has likewise increased. Senate bill 1505 represents many years of work by numerous farm organizations, by Congress, and by others interested in agricultural credit. It has the sponsorship of the American Farm Bureau Federation, the National Grange, the National Council of Farmer Cooperatives, the National Advisory Committee of Production Credit Associations, and the National Farm Loan Associations Advisory Committee, to mention a few.

The principal purpose of the bill is to give farmer borrowers an increased voice in the management of the system commensurate with their increased ownership. The bill does this primarily by giving them a voice in the selection of a Federal Farm Credit Board, and by giving them a greater voice in the selection

of the district boards. The bill also contains a great number of detailed and intricate improvements in the management of the system.

Under the bill the Administration would remain in the Department of Agriculture, but would be subject to a Federal Farm Credit Board, which would appoint the Governor and make all major policy decisions. Twelve members of the Board, one from each district, would be appointed by the President, with the advice and consent of the Senate after considering nominations from each of the three groups of local institutions in the district. These institutions are the national farm loan associations, the production credit associations, and the co-operatives that are stockholders in, or subscribers to the guaranty fund of, the bank for cooperatives. It is contemplated that the President would make his appointments from the nominations of these groups; but, in order to avoid a possible constitutional question, the bill does not require him to do so. A 13th member of the Board would be appointed by the Secretary of Agriculture.

The farmer borrowers, through their local institutions, would also be given a greater voice in district policy determinations. District boards are comprised of seven members. At present, 1 member is elected by each of the 3 groups of local institutions. The other four members are appointed by the Governor. The bill would provide for election of an additional director by the related group of local institutions whenever, roughly, the Government's investment represents less than a third of the total net assets of, respectively, the Federal land bank, the production credit associations, or the bank for cooperatives, for the district. Under present circumstances, the bill would permit election of additional directors by the farm loan associations and the production credit associations in each district.

The bill makes no provision for the retirement of Government capital, other than requiring the Federal Farm Credit Board to make recommendations designed to accomplish that purpose. The Federal land banks and many of the production-credit associations have, of course, already retired all their Government capital under provisions of existing law. The bill does provide for payment of some return, designated as a franchise tax, on the Government's investment. This return is to be paid only out of net earnings, after deductions for reserves and other purposes, and is not to exceed the amount the Government is required to pay on its borrowing of an equivalent amount.

Mr. President, that is a short statement of the pending measure. The report, as those who have checked it will readily discern, is in much more detail and goes into various phases of the bill.

There has been sent to the desk of each Senator a comparison of the provisions of the proposed Farm Credit Act of 1953 with the provisions of the existing law. The comparison may be of some help to those who are desirous of knowing the differences between the

present Senate bill and the legislation which it seeks to replace.

Mr. CASE. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPPEL. I shall be glad to yield.

Mr. CASE. Is it fair to say that one purpose of the reorganization proposed by the bill is to facilitate and encourage the retirement of the Government's investment in Federal land banks?

Mr. SCHOEPPPEL. The Government's investment in the Federal land banks is already retired. I think it is a fair statement to say that it is hoped that the improved management provided by the bill will place other units in a position to repay the Government's investment.

Mr. CASE. So that in that way and by the structure here proposed it will place the operation more in the hands of the actual owners and the farmers interested?

Mr. SCHOEPPPEL. That is correct. That was the position which was taken by almost all the major farm groups who appeared before the committee.

Mr. LANGER. Mr. President, will the Senator from Kansas yield for a question?

Mr. SCHOEPPPEL. I yield.

Mr. LANGER. Was there any farm organization that opposed the bill?

Mr. SCHOEPPPEL. There was one farm organization that opposed the bill, through representatives who appeared before the committee. That was the National Farmers Union. I understand that there was some opposition manifested by the National Federation of Grain Cooperatives. I think that is a fair statement as to those who appeared in opposition to the bill.

Mr. AIKEN. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPPEL. I yield.

Mr. AIKEN. May I point out that the bill was revised in a great many respects after certain witnesses objected to the original text. How far the bill went in meeting their objections I do not know. There are on record 100 to 125 production-credit associations and land-bank associations favoring the bill. Up until June 19, there had been 14 individuals and concerns, I believe, who had registered opposition to it. Since that time there have been 2 or 3 more communications in opposition, and I would say 25 or 30 in favor of it. I cannot state the number exactly.

Mr. CASE. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPPEL. I yield.

Mr. CASE. I may say that I understood that originally some of the officers of the Farmers Union expressed opposition to the bill. However, since changes have been made which more clearly place control in the hands of farmers, I have received expressions from individual members of the Farmers Union indicating support of the bill as amended.

Mr. SCHOEPPPEL. I am glad to have the Senator point that out, because the distinguished chairman of the Committee on Agriculture and Forestry made mention of the fact that certain changes

The PRESIDING OFFICER (Mr. GRISWOLD in the chair). Is there objection to the unanimous-consent request of the Senator from Tennessee?

Mr. FERGUSON. Mr. President, let me inquire whether 60 days would be allowed in case Congress were not in session.

Mr. CAPEHART. Under the bill, Congress must be in session, for the plan must come to us by January 31, 1955.

Mr. GORE. Yes; in that way the bill takes care of that matter.

Mr. President, the amendment will provide that 60 days, rather than 30 days, be allowed as the period during which Congress may make whatever investigation it may feel is required, and then may take action.

Mr. FERGUSON. And the possibility that Congress might not then be in session would be taken care of, would it?

Mr. GORE. Yes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee that he be allowed to submit his amendment at this time?

Mr. MAYBANK. Mr. President, reserving the right to object, let me say that the chairman of the committee agreed to accept an amendment providing that the Legislative Reorganization Act apply in this case.

Mr. CAPEHART. I said that personally I would have no objection to such an amendment. Inasmuch as the change has been made, so that Congress will have to pass upon the individual sales, I wish to call attention to the fact that there are 29 plants, and offers might be made by 20 different persons. Thus a great deal of time would be required. In fact, perhaps 60 days would be insufficient.

Mr. MAYBANK. Mr. President, reserving the right to object, although I shall not object, I wish the RECORD to show clearly that the Legislative Reorganization Act is to be applied in connection with this matter; and under that act, 60 days would be available.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee that he be allowed to submit his amendment at this time? The Chair hears no objection.

If there is no objection, the question now is on agreeing to the amendment of the Senator from Tennessee, on page 28, in line 10, to strike out "thirty" and insert "sixty"; and in line 2 of the amendment of the Senator from Louisiana [Mr. LONG], on the same page, to strike out "thirty" and insert "sixty."

The amendment was agreed to.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. Am I correct in understanding that the Senate has not yet voted on the question of final passage of the bill?

The PRESIDING OFFICER. That is correct.

Mr. CAPEHART. Mr. President, I now ask unanimous consent that the Banking and Currency Committee be discharged from the further considera-

tion of House bill 5728, and that House bill 5728 be considered at this time.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 5728) to authorize the disposal of the Government-owned rubber-producing facilities, and for other purposes.

Mr. CAPEHART. Mr. President, I now ask unanimous consent that House bill 5728 be amended by striking out all after the enacting clause, and by inserting the text of Senate bill 2047, as amended.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question now is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. DOUGLAS. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MAYBANK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Griswold	McCarthy
Anderson	Hayden	McClellan
Barrett	Hendrickson	Millikin
Beall	Hennings	Monroney
Bennett	Hickenlooper	Morse
Bricker	Hill	Mundt
Bush	Hoe	Murray
Butler, Md.	Holland	Neely
Capehart	Humphrey	Pastor
Carlson	Hunt	Payne
Case	Ives	Potter
Clements	Jackson	Purtell
Cooper	Jenner	Robertson
Cordon	Johnson, Colo.	Russell
Daniel	Johnson, Tex.	Schoeppel
Dirksen	Johnston, S. C.	Smathers
Douglas	Kefauver	Smith, Maine
Dworshak	Knowland	Smith, N. J.
Eastland	Kuchel	Sparkman
Ferguson	Langer	Stennis
Flanders	Lennon	Symington
Frear	Long	Thye
Fulbright	Magnuson	Tobey
Gillette	Malone	Watkins
Goldwater	Mansfield	Welker
Gore	Martin	Wiley
Green	Maybank	Williams

The VICE PRESIDENT. A quorum is present.

The bill having been read the third time, the question is, Shall it pass?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. KNOWLAND. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent because of illness, and the Senator from Massachusetts [Mr. SALTONSTALL] is absent by leave of the Senate.

The Senator from Nebraska [Mr. BUTLER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Ohio [Mr. TAFT], and the Senator from North Dakota [Mr. YOUNG] are necessarily absent.

If present and voting, the Senator from Nebraska [Mr. BUTLER] would vote "yea."

Mr. JOHNSON of Texas. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Louisiana [Mr. ELLENDER], the Senator from Georgia [Mr. GEORGE], the Senator from New York [Mr. LEHMAN], and the Senator from Nevada [Mr. MCCARRAN] are necessarily absent.

The Senator from Massachusetts [Mr. KENNEDY] and the Senator from Oklahoma [Mr. KERR] are absent on official business.

The Senator from West Virginia [Mr. KILGORE] is absent by leave of the Senate.

The Senator from Louisiana [Mr. ELLENDER] is paired on this vote with the Senator from Massachusetts [Mr. KENNEDY]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Massachusetts would vote "nay."

The result was announced—yeas 65, nays 16, as follows:

YEAS—65

Alken	Goldwater	Millikin
Anderson	Green	Mundt
Barrett	Griswold	Neely
Beall	Hendrickson	Pastor
Bennett	Hennings	Payne
Bricker	Hickenlooper	Potter
Bush	Hoe	Purtell
Butler, Md.	Holland	Robertson
Capehart	Hunt	Russell
Carlson	Ives	Schoeppel
Case	Jenner	Smathers
Clements	Johnson, Colo.	Smith, Maine
Cooper	Johnson, Tex.	Smith, N. J.
Cordon	Knowland	Sparkman
Daniel	Kuchel	Stennis
Dirksen	Lennon	Symington
Dworshak	Long	Thye
Eastland	Malone	Watkins
Ferguson	Martin	Welker
Flanders	Maybank	Wiley
Frear	McCarthy	Williams
Fulbright	McClellan	

NAYS—16

Douglas	Jackson	Monroney
Gillette	Johnson, S. C.	Morse
Gore	Kefauver	Murray
Hayden	Langer	Tobey
Hill	Magnuson	
Humphrey	Mansfield	

NOT VOTING—15

Bridges	Ellender	Lehman
Butler, Nebr.	George	McCarran
Byrd	Kennedy	Saltonstall
Chavez	Kerr	Taft
Duff	Kilgore	Young

So the bill (H. R. 5728) was passed.

The VICE PRESIDENT. Without objection, Senate bill 2047 is indefinitely postponed.

Mr. CAPEHART subsequently said: Mr. President, I move that the Senate insist upon its amendment to House bill 5728, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. CAPEHART, Mr. BRICKER, Mr. IVES, Mr. BENNETT, Mr. MAYBANK, Mr. ROBERTSON, and Mr. DOUGLAS conferees on the part of the Senate.

SMALL BUSINESS ADMINISTRATION

Mr. CAPEHART. Mr. President, earlier this afternoon conferees were ap-

13 of the copolymer plants without reaching the percentage of capacity defined by the Supreme Court as constituting a monopoly because of bigness; that is, without reaching 66⅔ percent. However, I think we all agree that it would be a very unhealthy condition, and that it would be much better for the Nation and for the industry itself if not more than half of the plants were acquired by the Big Four and the other half could be acquired by the little four, or by some 12 or 15 small companies, and in that way have competition preserved.

It might be argued that the Maybank amendment not only refers to the Sherman Antitrust Act but that it refers also to the Clayton Act, which is administered by the Federal Trade Commission, and that the Clayton Act, as amended by the last session of Congress, provides that no one corporation can acquire the capital stock or the assets of another corporation if the result would be to create a monopoly or a substantial lessening of competition. That is paraphrasing the provisions of section 7 of the act. Therefore it could be argued that under that antitrust law the Firestone Co., for instance, would not be able to acquire all of the 13 plants.

That is not true, Mr. President, and I do not believe section 7 of the Clayton Act would be applicable to any acquisitions under the proposed legislation, because the language of the act itself, as it has been interpreted by the court, means that the Clayton Act refers to the purchase of stock or assets of one corporation from another private corporation. That is, it does not refer to the purchase of capital stock or assets from the Government. There has been a case which inferentially at least decided that point.

Therefore, Mr. President, I am afraid that with this provision there must be an approval by the Attorney General as to whether it violates the anti-trust laws, in view of the present status of the decisions of the Supreme Court, and even if one of the companies purchased all 13 plants, the Attorney General could not hold that they violated the Sherman Anti-trust law, because the total capacity even then would not be up to 66⅔ percent which a company may possibly acquire without violating the antitrust laws.

Mr. President, it is a reasonable criterion for Congress to establish. Half of the plants could be purchased by the big four; the other half by all the other companies.

It seems to me there is much to the argument that if the Government is going to insist that monopolies be outlawed, and if the Government is to be scrupulous about passing laws for the Federal Trade Commission and the Department of Justice to insure that we have competition, the Government itself ought to set an example. It ought to set an example of the kind of competition we want. Certainly with four of the big companies now controlling somewhere between 70 and 80 percent of the entire rubber manufacturing business of this Nation, we can realize how much larger a percentage they would control if they acquired the additional plants. We

would be running close to the danger point, and exceeding the danger point, and the Government itself would be doing it.

I believe the Government ought to set an example of the demand for competition by at least saying to the Big Four, "You can buy half of the plants; the other half must be divided up between all the small companies."

In that way we would insure competition. That is what the amendment would do.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER (Mr. GRISWOLD in the chair). The question is on agreeing to the amendment offered by the Senator from Tennessee [Mr. KEFAUVER]. [Putting the question.]

The Chair is in doubt, and will request a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOUGLAS. Mr. President, I should like to address an inquiry to the distinguished chairman of the committee. The Senate has adopted the amendment of the Senator from Louisiana [Mr. LONG]. In the form in which it was approved it is somewhat inconsistent with the amendment which was earlier accepted by the chairman, dealing with the conditions of approval or disapproval. I should like to ask the Senator from Indiana if he will not consent to have his earlier amendment altered so it will be consistent with the amendment of the Senator from Louisiana, and thereby not defeat the purposes of the Senator from Louisiana.

Mr. CAPEHART. What is the amendment of the Senator from Illinois?

Mr. DOUGLAS. Mr. President, I have prepared such an amendment. The legislative counsel has checked it, and it is obviously in good shape. I send the amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 2, line 9, after the word "favor" it is proposed to insert "the sale of the facilities as recommended in."

On page 2, line 9, after the colon, insert "(1)" and in line 12, before the period, insert a semicolon and the following: or (2) "That the does not favor the sale of the as recommended in the report of the Rubber Producing Facilities Disposal Commission," the first blank therein being filled with the name of the resolving House and the other blank being filled with a description of the facility or facilities proposed to be sold.

On page 2, line 13, after the word "resolution", insert "with respect to a facility or facilities."

On page 2, line 14, after the word "all", insert "such."

On page 2, line 18, after the word "resolution", insert "with respect to a facility or facilities."

On page 2, line 23, after the word "resolution", insert "with respect to such facility or facilities."

On page 3, line 2, after the word "resolution", insert "with respect to the same facility or facilities."

On page 3, line 11, after the word "resolution", insert "with respect to the same facility or facilities."

On page 3, line 13, after the word "resolution", insert "with respect to a facility or facilities."

On page 4, line 5, after the word "resolution", insert "with respect to a facility or facilities."

On page 4, line 10, after the word "resolution", insert "with respect to a facility or facilities."

Mr. CAPEHART. The amendment becomes necessary as a result of the adoption of the Long amendment. If the plans ever come back to Congress we will have to pass on the individual plans. Therefore it becomes necessary to adopt the proposed amendment. I have no objection.

Mr. DOUGLAS. I thank the Senator from Indiana for his characteristically fair statement.

Mr. CAPEHART. It is a perfecting amendment.

The PRESIDING OFFICER. The clerk calls the attention of the Chair to the fact that the line numbers and page numbers in the amendment refer to the House bill.

Mr. LONG. Mr. President, I ask unanimous consent that the clerks at the desk may correct any technical defect in the amendment, so as to make the language correspond to language in the Senate bill.

The PRESIDING OFFICER. Without objection it is so ordered.

Without objection, the amendment offered by the Senator from Illinois [Mr. DOUGLAS] is agreed to.

The question is on agreeing to the committee amendment, in the nature of a substitute, as amended.

The amendment as amended was agreed to.

Mr. CAPEHART obtained the floor.

Mr. CAPEHART. I yield to the Senator from Tennessee.

Mr. GORE. Mr. President, in view of the amendments which have been adopted, and in view of the possibility of having to vote on 13 different plans, does the distinguished chairman believe that 30 days would be adequate for consideration of the plans? Would not the chairman of the committee consider 60 days to be more advisable?

Mr. CAPEHART. Does the Senator from Tennessee mean 60 days within which Congress could make a study in the case of each individual plant, and then take action?

Mr. GORE. Yes.

Mr. CAPEHART. I presume that would be better, because it might take even longer than 60 days if Congress is to go into the details regarding each of the plants. I would have no objection to such an amendment.

Mr. GORE. Then, Mr. President, I ask unanimous consent that I may now submit an amendment to provide that Congress shall have 60 days within which to adopt resolutions of disapproval, rather than 30 days.

personal in it, because there is no man in the Government with whom I have had the privilege of working during my service in the Senate for the past 6 years, for whom I have greater respect or higher regard than I have for the present Comptroller General, Mr. Warren. I think he is a great public servant, and it is most regrettable that he is approaching retirement. Nevertheless, I think we would be establishing a dangerous precedent were we to set up a lifetime pension at full pay for Mr. Warren or his successor whoever he may be. Therefore, I shall vote against the pending measure.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. CASE. Mr. President, the Senator from South Dakota shares the high regard for Lindsay Warren which has already been expressed. It was my privilege to serve with him first in the House of Representatives, and following that, after he became Comptroller General I had the privilege of working with him on various pieces of legislation having to do with his office, including the so-called Government Corporations Control Act. When that act was in the House of Representatives I had something to do with it in association with Mr. Whittington, of Mississippi. It was sponsored in the Senate originally by the Senator from Virginia [Mr. BYRD] and the Senator from Nebraska [Mr. BUTLER]. That was a bill which threw us into frequent contact with the General Accounting Office.

As a personal matter, because of my high regard for Lindsay C. Warren, and because of the service he has rendered, I should want to see the pending bill made applicable to him; but I think the merits of the bill go beyond that.

In response to what the Senator from Delaware [Mr. WILLIAMS] has said, I think certain things should be pointed out. First, I hope no man will be appointed Comptroller General of the United States, and no man would normally be so appointed, unless he had devoted a considerable portion of his life to activities which would qualify him for that office in such a way that only a man relatively advanced in years would be appointed.

If the appointee were a man who had not been in Government service, but who, because of his activities in the accounting field and in the business world, should be appointed, it would mean that he had not previously earned any retirement in Government service. If he were to serve less than 15 years in the position of Comptroller General, he could not accumulate sufficient retirement so that he could be assured of an adequate income for himself and wife, and possibly other members of his family, following his retirement. So if we are to get the kind of men for the Office of Comptroller General we ought to have, we should get a man who has been in the Government service long enough to have earned a competent retirement, or there should be some provision for an adequate retirement benefit when he ceases to be Comptroller General.

The fact is also that the Comptroller General must be someone who has di-

vorced himself from all other income. He must be free from business connections. He must be free from those things which other people might do in a business way to assure themselves of a competence. It might be that someone would be appointed as Comptroller General who had an independent income, as a result of an inheritance or something of the sort, though in many cases that probably would not be true.

Furthermore, the independence that is desirable in connection with the Office of Comptroller General is very much comparable to that of the position of Federal judge. We are not at this time proposing to do anything for the Comptroller General we do not do for a member of the Federal judiciary, that is, a Federal judge. Therefore, it seems to me that we are wholly warranted in taking the action proposed; and if it is to be done, I think there is no better time to start it than when it can be regarded as being done in recognition of the kind of service that has been given to the Government by such a man as Lindsay C. Warren.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be offered, the question is on the third reading of the bill.

The bill (H. R. 5228) was read the third time and passed.

SALE OF GOVERNMENT-OWNED RUBBER-PRODUCING FACILITIES

The Senate resumed the consideration of the bill (S. 2047) to amend the Rubber Act of 1948, as amended, to provide for the sale of Government-owned rubber-producing facilities, to repeal and modify certain of its provisions affected thereby, and for other purposes.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. Is the unfinished business now Senate bill 2407, Calendar No. 579, a bill providing for the disposal of rubber plants, which was temporarily laid aside for the purpose of considering the bill that has just been passed?

The PRESIDING OFFICER. That is correct.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RELEASE OF CERTAIN PAPERS TO ROBERT J. BARRETT OR HIS ATTORNEY

Mr. CASE. Mr. President, I ask unanimous consent that an order may be issued relative to certain papers which were obtained by the Subcommittee on Crime and Law Enforcement of the Committee on the District of Columbia

on the 14th of January 1952. The committee issued a subpoena duces tecum to Robert J. Barrett to produce certain books, checks, documents, and other matters. He did produce the papers and he came before the committee with them. I have now been informed by the distinguished Senator from West Virginia [Mr. NEELY] and the distinguished Senator from Idaho [Mr. WELKER] that they have been served with a letter by Mr. Charles Ford, an attorney of Washington, representing Major Barrett, and saying that the Internal Revenue Department wants to see those papers. He wants them released from the custody of the committee. I am informed that they may be released only by an order of the Senate.

Mr. KNOWLAND. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I yield.

Mr. KNOWLAND. Do I correctly understand that the letter has been taken up with the majority and minority members of the committee, and that they have no objection to the procedure?

Mr. CASE. As a matter of fact, the letter was addressed to the Senator from West Virginia [Mr. NEELY] and the Senator from Idaho [Mr. WELKER], and those two Senators came to me to ascertain how they could get the papers made available so that they could respond to the letter.

I have consulted with the Parliamentarian, who tells me that the proper procedure is to obtain an order of the Senate. The clerk of the committee has located the papers. They are in the possession of a committee of the Senate, but, under the Reorganization Act, I understand they cannot be released without an order of the Senate.

Mr. JOHNSON of Texas. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I yield.

Mr. JOHNSON of Texas. Was the statement made by the distinguished chairman of the Committee on the District of Columbia agreeable to all the members of the committee?

Mr. CASE. So far as I know. The Senators most concerned are the Senator from West Virginia and the Senator from Idaho.

Mr. JOHNSON of Texas. Are they agreeable to the procedure?

Mr. CASE. They asked that this be done.

The PRESIDING OFFICER. Will the Senator from South Dakota restate his request?

Mr. CASE. I ask unanimous consent that an order of the Senate be entered directing the Committee on the District of Columbia to return the papers to Robert J. Barrett, or his attorney, and receive a receipt therefor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The order agreed to was subsequently reduced to writing, as follows:

IN THE SENATE OF THE UNITED STATES OF AMERICA.

It is ordered, That the Senate Committee on the District of Columbia, be and is hereby authorized to return to Mr. Robert J. Barrett, 5811 Seventh Street NW., Washington, D. C.,

S. 669. An act for the relief of Helene Olga Iwasenko.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4974) making appropriations for the Departments of State, Justice, and Commerce, for the fiscal year ending June 30, 1954, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 1, 10, 11, and 17 to the bill, and concurred therein; that the House receded from its disagreement to the amendments of the Senate numbered 4, 23, 24, 26, and 28 to the bill, and concurred therein severally with an amendment, in which it requested the concurrence of the Senate, and that the House insisted upon its disagreement to the amendment of the Senate numbered 34.

SMALL BUSINESS ADMINISTRATION

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 5141) to create the Small Business Administration and to preserve small-business institutions and free competitive enterprise, and requesting a conference with the Senate on the disagreeing votes of the 2 Houses thereon.

Mr. CAPEHART. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. CAPEHART, Mr. BRICKER, Mr. IVES, Mr. BENNETT, Mr. MAYBANK, Mr. FULBRIGHT, and Mr. ROBERTSON conferees on the part of the Senate.

PRINTING OF SMALL BUSINESS ADMINISTRATION BILL

Mr. CAPEHART. Mr. President, I ask unanimous consent that the bill (H. R. 5141) to create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise, as amended and passed on yesterday by the Senate, be printed, showing the amendments adopted by the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

ANNUITIES TO RETIRED COMPTROLLERS GENERAL

The Senate resumed consideration of the bill (H. R. 5228) to amend section 303 of the Budget and Accounting Act, 1921 (42 Stat. 23).

Mr. HOEY. Mr. President, I desire to suggest the absence of a quorum; but first I ask unanimous consent that at the conclusion of the rollcall, I be recognized.

The PRESIDING OFFICER. Mr. PAYNE in the chair). Without objection, it is so ordered.

Mr. HOEY. Mr. President, I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded, and that the further proceedings under the call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOEY. Mr. President, I wish to call the attention of the Senate briefly to the pending measure, House bill 5228, to amend section 303 of the Budget and Accounting Act. I do not believe this bill will require lengthy discussion. Certainly I shall discuss it briefly.

The bill, which has been passed by the House of Representatives, relates to the retirement of the Comptroller General.

In the House of Representatives, Speaker MARTIN and Republican Leader HALLECK, as well as Minority Leader RAYBURN and his assistant, Mr. McCORMACK, all agreed about the bill, and had the rule suspended; and under suspension of the rule, the bill was passed, after the House had fully considered it. Thirteen Republican Members and 11 Democratic Members of the House committee recommended passage of the bill as amended.

When the bill came to the Senate, it was referred to the Senate Committee on Government Operations. That committee submitted a unanimous report on the bill.

The bill relates to retirement of the Comptroller General of the United States.

Some persons have raised the question of whether the bill will establish a precedent. Mr. President, the bill cannot establish a precedent, because the office of the Comptroller General is the only office of its sort in the United States. It is the only one of its kind, and in all probability there will not be another one like it.

Appointment to the position of Comptroller General of the United States is for 15 years, and the appointee cannot succeed himself. The present incumbent has served approximately 13½ years. It is generally known that at this time his health is bad.

Mr. President, this measure is a vital one because of the circumstances. The General Accounting Office, which is headed by the Comptroller General of the United States, is the only Government agency which represents the Congress. All the other agencies of the Government are under the executive branch. So Congress must necessarily depend upon the services of the Comptroller General, in order that its views may be heard in connection with the determination of important matters arising in the Government.

I think it will be universally admitted that former Representative Lindsay C. Warren, who served for a long time in the Congress before he was appointed Comptroller General, has been a most admirable official. He has not hesitated to differ with the administration which

may be in power, but has considered only the service he was called upon to render, and has given his opinion irrespective of political considerations. The one idea in establishing the office was that it should be removed from politics, that it should be made independent of any groups of any kind or character.

The provision made for retirement of the Comptroller General after service of 15 years, or after 10 years if his health should fail, is in line with the provisions made with respect to Federal judges. The duties of the Comptroller General are very much in line with quasi-judicial duties, and the retirement benefits provided for him are the same as those provided for Federal judges throughout the country.

Since Mr. Warren is the only representative of the Congress in an official capacity, and since the position does not come under the civil-service regulations, and the funds to be provided for retirement are to come out of General Accounting Office funds, I do not think it establishes a precedent, and I believe the pending measure should be passed. I shall not take the time of the Senate longer, because the measure was unanimously reported by the committee, and was passed practically unanimously by the House.

Mr. WILLIAMS. Mr. President, the salary of the Comptroller General is \$17,500 per annum. In the pending bill it is proposed that we establish a precedent of giving a lifetime pension of the full salary to any man who holds this position a minimum of 10 years under certain circumstances, or under all circumstances when they serve the full 15 year term. Under the pending bill, it would mean that if we appoint a man at the age of 50, he would draw \$17,500 a year as salary for the 15 years and \$17,500 as pension for the remainder of his life. If the man is 45 years of age on the day of his appointment, it means that he will receive \$17,500 for 15 years, and \$14,875 retirement for the remainder of his life. If a man is appointed at the age of 40, he would receive \$17,500 a year for 15 years, and \$12,250 a year for the remainder of his life. These figures would be changed upward or downward as the salary is changed in the future.

This is the second time within the past few days that we have been tinkering with the retirement law. At the same time, the Congress has appropriated \$50,000 for the purpose of having a study made looking to a general revision of our retirement laws. It would be well for Congress to wait for the recommendations of the commission which has been set up to study this particular question. My thought would be that the whole retirement system should be restudied; it was for that reason that Congress appropriated several thousands to this commission. It does not make sense that we should act on separate retirement measures every week.

Under the pending bill there are no deductions at all from the salary of the person who is participating. In making this objection regarding the pending measure, I want to make it perfectly clear that in so doing there is nothing

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued July 27, 1953

For actions of July 24, 1953

83rd-1st, No. 139

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

CONTENTS

Adjournment.....	12	Food inspection.....	8	Prices, support.....	32
Appropriations.....	1,4,18,19	Foreign aid.....	13,28	Property, surplus.....	10
Budgeting.....	9	Forestry.....	24	Reorganization.....	2,7,25
Buildings.....	3	Grain storage.....	17	Small business.....	6
Contracts.....	21	Hawaii.....	31	Statistics.....	15
Cotton.....	30	Legislative program...12,20		T.V.A.....	22
Customs simplification.14,20		Loans, farm.....	1,2	Trade, foreign	
Drought relief.....	1,33	Personnel.....	16	11,13,14,20,27,32	
Economic advisers.....	7	Prices, cattle.....	26	Treaties.....	29

HIGHLIGHTS: House passed drought-relief appropriation bill. Senate committees reported foreign-relief and customs-simplification bills. Senate rejected conference report on 1st independent offices appropriation bill. House sent FCA-reorganization bill to conference. Senate passed lease-purchase bill for buildings. Sens. Murray and Humphrey criticized USDA for not providing more storage facilities.

HOUSE

1. DROUGHT-RELIEF APPROPRIATIONS. Passed without amendment H. J. Res. 305, which had been reported by the Appropriations Committee earlier in the day (H. Rept. 922) (pp. 9983-8). Rejected an amendment by Rep. Mahon to increase from \$20,000,000 to \$40,000,000 the amount for FHA loans under title 2 of the Bankhead-Jones Farm Tenant Act (pp. 9987-8).

The committee report states: "The committee recommends the full estimate of \$150,000,000, of which \$130,000,000 is added to the Disaster Loan Revolving Fund, and \$20,000,000 is authorized for regular production and subsistence loans under the Farmer's Home Administration. Of the funds proposed for the Disaster Loan Revolving Fund, \$30,000,000 is provided for economic disaster loans under Section 2 (b) of the Act, \$60,000,000 is allowed for special livestock loans under Section 2 (c)...., and \$40,000,000 is recommended to cover costs incurred in furnishing emergency food and seed assistance to farmers under Section 2 (d)...

"...Removal of the minimum loan limitation of \$2,500 for loans under Section 2 (c)...is proposed. The committee feels that denial of loans of less than \$2,500 outside of disaster areas will work a severe hardship on small farmers...

"The committee feels strongly that the regular Farmers' Home Administration offices and personnel should be used... It questions the need for additional committees or other special groups..."

2. FCA REORGANIZATION. Reps. Hope, Anderson, Hill, Cooley, and Poage were appointed conferees on H. R. 4353, to reorganize FCA, etc. (p. 9984).
3. BUILDINGS. Passed without amendment H. R. 6342, to authorize GSA to acquire real property and to provide for construction of public buildings thereon by executing purchase contracts (pp. 9989-10004).
4. DEFENSE APPROPRIATION BILL, 1954. House conferees were appointed on this bill, H. R. 5969 (p. 9979).
5. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment H. R. 4551, to amend the Reclamation Project Act of 1939 removing authorization of projects by the Interior Department (H. Rept. 933)(p. 10038).
6. SMALL BUSINESS. Received the conference report on H. R. 5141, to create a Small Business Administration, to replace the RFC (pp. 10029-34, D773).
7. REORGANIZATION. The Government Operations Committee reported/without amendment H. Res. 263, disapproving Reorganization Plan No. 9 of 1953, providing for a reorganized Council of Economic Advisors (p. 10038).
adversely
8. FOOD INSPECTION. The Interstate and Foreign Commerce Committee reported without amendment H. R. 6434, to simplify procedures for establishment of food standards by the Food and Drug Administration (H. Rept. 934)(p. 10038).
9. BUDGETING. The Government Operations Committee ordered reported (but did not actually report) H. R. 2, to provide that Federal expenditures shall not exceed revenues except in time of war or national emergency declared by Congress (p. D771).
10. SURPLUS PROPERTY. The Government Operations Committee ordered reported (but did not actually report) H. R. 6382, to extend until June 30, 1954, the period during which GSA may conduct negotiated sales of surplus property (p. D771).
11. FOREIGN TRADE. The Interstate and Foreign Commerce Committee ordered reported (but did not actually report) S. Con. Res. 40, declaring it the sense of Congress that export containers be marked with the words "United States of America" (p. D771).
12. ADJOURNED until Mon., July 27 (p. 10037). Legislative program as announced by Rep. Halleck: Mon., Consent and Private Calendars; Tues., immigration bill; then (if reported) foreign-relief and other bills. Rep. Halleck said, "I am confident we can dispose of the matters next week that are before us." (pp. 10028-9.)

SENATE

13. FOREIGN RELIEF. The Agriculture and Forestry Committee reported with amendments S. 2249, to authorize CCC to make agricultural commodities owned by it available to the President for the purpose of enabling the President to assist in meeting famine or other urgent relief requirements in countries friendly to the U. S. (S. Rept. 631)(p. 10046).
The Committee reported without amendment H. 2475, to authorize the President to use agricultural commodities to improve the foreign relations of the U. S. (S. Rept. 642)(p. 10048).
14. CUSTOMS SIMPLIFICATION BILL. The Finance Committee reported with amendments this bill, H. R. 5877 (S. Rept. 632)(p. 10046).

SMALL BUSINESS ACT OF 1953—RECONSTRUCTION FINANCE CORPORATION LIQUIDATION ACT

JULY 24, 1953.—Ordered to be printed

Mr. Wolcott, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 5141]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5141) to create the Small Business Administration and to preserve small business institutions and free, competitive enterprise, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TITLE I

SEC. 101. This title may be cited as the "Reconstruction Finance Corporation Liquidation Act".

SEC. 102. (a) The first sentence of section 3 (a) of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 603 (a)), is amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1954".

(b) Subsection (f) of section 4 of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 604 (f)), is amended by striking out "June 30, 1954" and inserting in lieu thereof "the sixtieth day after the date of enactment of the Reconstruction Finance Corporation Liquidation Act".

(c) Except as otherwise provided in this title, the liquidation of assets and winding up of affairs of the Reconstruction Finance Corporation shall be carried out as expeditiously as possible in accordance with the provisions of sections 9 and 10 of the Reconstruction Finance Corporation Act.

(d) The Secretary of the Treasury is authorized to incur and pay out of the funds of the Corporation all administrative expenses necessary to carry out the functions vested in him as a result of the enactment of this

title. Such expenses shall be limited to and charged against amounts made available to the Corporation or to the Secretary of the Treasury in appropriation Acts for applicable administrative expenses, which amounts shall not include any sums transferred to an officer or agency of the Government, other than the Secretary of the Treasury. The activities engaged in by the Secretary of the Treasury as a result of the enactment of this Act shall continue to be subject to the provisions of the Government Corporation Control Act.

SEC. 103. Section 2 of the joint resolution entitled "Joint resolution to strengthen the common defense and to meet industrial needs for tin by providing for the maintenance of a domestic tin-smelting industry", approved June 28, 1947 (61 Stat. 190), is amended by striking out "the Reconstruction Finance Corporation while that Corporation has succession, and thereafter by".

SEC. 104. Effective on the sixtieth day after the date of enactment of this Act, all functions, powers, duties, and authority of the Reconstruction Finance Corporation under section 409 of the Federal Civil Defense Act of 1950, together with those assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, personnel, and records of the Reconstruction Finance Corporation which the Director of the Bureau of the Budget shall determine to be primarily related to, and necessary for, the exercise of such functions, powers, duties, and authority, are transferred to the Secretary of the Treasury, and shall be performed, exercised, and administered by the Secretary in accordance with the provisions of such Act.

SEC. 105. No suit, action, or other proceeding lawfully commenced by or against the Reconstruction Finance Corporation shall abate by reason of the termination of succession of the Corporation; but the court may, on motion or supplemental petition filed at any time within twelve months after the date of such termination of succession and showing a necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or against the officer or agency of the Government performing the functions with respect to which any such suit, action, or other proceeding was commenced.

SEC. 106. (a) Upon the termination of succession of the Reconstruction Finance Corporation the Administrator of the Reconstruction Finance Corporation shall make a full report to the Congress.

(b) During such period of time as the Secretary of the Treasury shall be engaged in liquidating the assets and winding up the affairs of the Reconstruction Finance Corporation, pursuant to section 10 of the Reconstruction Finance Corporation Act, he shall make quarterly reports to the Congress setting forth the progress of such liquidation and winding up of affairs.

SEC. 107. (a) (1) All functions, powers, duties, and authority of the Reconstruction Finance Corporation under the Rubber Act of 1948, as amended, the Abaca Production Act of 1950, as amended, and Public Law 125, Eightieth Congress, as amended (the tin program), shall be transferred by the President not later than June 30, 1954, in accordance with the provisions of such Acts.

(2) All functions, powers, duties, and authority of the Reconstruction Finance Corporation under title III of the Defense Production Act of 1950, as amended, shall be transferred by the President not later than sixty days after the date of enactment of this Act in accordance with the provisions of such Act.

(b) *All assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, personnel, and records of the Reconstruction Finance Corporation which the Director of the Bureau of the Budget shall determine to be primarily related to, and necessary for, the exercise of such functions, powers, duties, and authority, shall be transferred to the officer or agency of the Government to which such functions, powers, duties, and authority are transferred.*

SEC. 108. (a) *In order to aid in financing projects under Federal, State, or municipal law, the President, through such officer or agency of the Government (other than the Reconstruction Finance Corporation) as he may designate, may purchase the securities and obligations of, or make loans to, (1) States, municipalities and political subdivisions of States, (2) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (3) public corporations, boards, and commissions: Provided, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects: Provided, however, That the foregoing powers shall be subject to the following restrictions and limitations:*

(A) *No financial assistance shall be extended pursuant to this section unless the financial assistance applied for is not otherwise available on reasonable terms and all securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise;*

(B) *No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years.*

(b) *The officer or agency designated by the President under this section is authorized to obtain money from the Treasury of the United States for use in making purchases and loans under this section, not to exceed a total of \$25,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$25,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to such officer or agency from the revolving fund, to be used to carry out this section, when requested by such officer or agency. Such officer or agency shall pay into miscellaneous receipts of the Treasury at the close of each fiscal year, interest on the amount of advances outstanding at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.*

(c) *In carrying out this section, the officer or agency designated by the President shall have the powers granted to the Small Business Administration and the Administrator by section 205 of this Act.*

(d) *This section and all authority conferred thereunder shall terminate at the close of June 30, 1955, except for purposes of liquidation, which shall be completed not to exceed six months after such termination. The termination of this section shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this section prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.*

TITLE II

SEC. 201. This title may be cited as the "Small Business Act of 1953".

SEC. 202. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

Further, it is the declared policy of the Congress that the Government should aid and assist victims of floods or other catastrophes.

SEC. 203. For the purposes of this title, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administration, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business.

SEC. 204. (a) In order to carry out the policies of this title there is hereby created an agency under the name "Small Business Administration" (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration.

(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$275,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$275,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 207 (a), (b), (c), and (d). Not to exceed an aggregate of \$150,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed an aggregate of \$25,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (b). Not to exceed an aggregate of \$100,000,000 shall be outstanding at any one time for the purposes enumerated in sections 207 (c) and (d). The Administration shall pay into miscellaneous receipts of the Treasury at the close of each fiscal year, interest on the amount of advances outstanding at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy administrators to assist in the execution of the functions vested in the Administration. Deputy administrators shall be paid at the rate of \$15,000 per annum.

(d) There is hereby created the Loan Policy Board of the Small Business Administration, which shall consist of the following members, all *ex officio*: The Administrator, as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Loan Policy Board with respect to any matter or matters. The Loan Policy Board shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Government) which shall govern the granting and denial of applications for financial assistance by the Administration.

SEC. 205. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this title; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself on a reimbursable basis of the use of information, services, facilities, including any field service thereof, officers, and employees thereof, in carrying out the provisions of this title.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: Provided, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing

to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 207 (a) or 207 (b) of this title;

(6) make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this title; and

(7) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans made under the provisions of this title.

(c) To such extent as he finds necessary to carry out the provisions of this title, the Administrator is hereby authorized to procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil-service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5).

SEC. 206. (a) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this title. Any banks insured by the Federal Deposit In-

insurance Corporation, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration. Each Federal Reserve bank, when designated by the Administrator as fiscal agent for the Administration, shall be entitled to be reimbursed for all expenses incurred as such fiscal agent.

(b) The Administrator shall contribute to the civil-service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil-service retirement system applicable to the employees engaged in carrying out the functions financed by the revolving fund established by section 204 (b) of this Act. The Administrator shall also contribute to the employees' compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees engaged in carrying out the functions financed by such revolving fund. The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds, which shall be paid by the Administrator into the Treasury as miscellaneous receipts.

SEC. 207. The Administration is empowered—

(a) to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: Provided, however, That the foregoing powers shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available;

(2) No loan shall be extended pursuant to (a) above if the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund established by this title would exceed \$150,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding ten years, except that any loan made for the purpose of constructing industrial facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction;

(3) In agreements to participate in loans on a deferred basis, such participations by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement;

(b) to make such loans as the Administration may determine to be necessary or appropriate because of floods or other catastrophes.

Provided, That no such loan including renewals and extensions thereof may be made for a period or periods exceeding ten years except that where such loan is for acquisition or construction (including acquisition of site therefor) of housing for the personal occupancy of the borrower, it may be made for a period not to exceed twenty years;

(c) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

(d) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

(e) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

SEC. 208. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

SEC. 209. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent

to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

SEC. 210. It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

SEC. 211. When directed by the President, it shall be the duty of the Administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved.

SEC. 212. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this title;

(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this title;

(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

(g) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs;

(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this title.

SEC. 213. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

SEC. 214. To effectuate the purposes of this title, small-business concerns within the meaning of this title shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national defense programs.

SEC. 215. The Administration shall make a report every six months of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

SEC. 216. The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and wherever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

SEC. 217. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objectives of this title.

(b) No act or omission to act pursuant to this title which occurs while this title is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) of this section and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States.

A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) of this section shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, and (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 218. (a) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

(b) The President may also provide for such transfers of records, property, and personnel from the Small Defense Plants Administration, during the period of its liquidation, as he considers appropriate to assist the Small Business Administration in carrying out its functions under this title.

SEC. 219. No loan shall be made or equipment, facilities, or services furnished by the Administration under this title to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this title; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

SEC. 220. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

SEC. 221. (a) *This title and all authority conferred thereunder shall terminate at the close of June 30, 1955, but the President may continue the Administration for purposes of liquidation for not to exceed six months after such termination.*

(b) *The termination of this title shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this title prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.*

SEC. 222. *There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act.*

SEC. 223. *If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.*

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
Managers on the Part of the House.
HOMER E. CAPEHART,
JOHN W. BRICKER,
IRVING M. IVES,
WALLACE F. BENNETT,
BURNET R. MAYBANK,
JOHN SPARKMAN,
A. WILLIS ROBERTSON,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5141) to create the Small Business Administration and to preserve small business institutions and free, competitive enterprise, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the House bill and the Senate amendment. Except for technical clarifying and conforming changes, the following statement explains the differences between the House bill and the substitute agreed to in conference.

The House bill provided solely for the creation of a Small Business Administration. The Senate amendment provided for the termination and liquidation of the Reconstruction Finance Corporation, the transfer of certain programs presently conducted by the Reconstruction Finance Corporation, and also provided for the creation of a Small Business Administration. Title I of the conference substitute pertains to the liquidation of the Reconstruction Finance Corporation and the transfer of certain of its duties, and provides that such title may be cited as the "Reconstruction Finance Corporation Liquidation Act," and title II of the conference substitute pertains to the creation of the Small Business Administration and provides that such title may be cited as the "Small Business Act of 1953."

RECONSTRUCTION FINANCE CORPORATION LIQUIDATION ACT

Under existing law the Reconstruction Finance Corporation is authorized to exercise its lending authority provided for in section 4 of the Reconstruction Finance Corporation Act until June 30, 1954, and the Corporation has succession for a 2-year period beyond such date until June 30, 1956. In addition to powers, duties, and authority vested in the RFC under the Reconstruction Finance Corporation Act, the RFC performs additional duties delegated to it either by the Congress or the President under the provisions of several other laws. Among these additional duties of the RFC are (1) the operation of the Government rubber program, which has been delegated to the RFC by the President pursuant to the Rubber Act of 1948, as amended; (2) the making of defense loans pursuant to title III of the Defense Production Act of 1950, as amended; (3) the operation of the Government tin program pursuant to the joint resolution entitled "Joint resolution to strengthen the common defense and to meet industrial needs for tin by providing for the maintenance of a domestic tin-smelting industry," approved June 28, 1947; (4) the Government abacá program pursuant to section 4 of the Abacá Production Act of 1950; (5) the making of small-business loans recommended to it by

the Small Defense Plants Administration pursuant to section 714 of the Defense Production Act of 1950; and (6) the purchasing of securities or making of loans for the purpose of aiding and financing projects for civil-defense purposes pursuant to section 409 of the Federal Civil Defense Act of 1950.

The Senate amendment provided for the termination of the exercise of the RFC lending authority under the Reconstruction Finance Corporation Act upon the 60th day following the enactment of this act in lieu of the present termination date of June 30, 1954, and provided for the termination of the succession of the Corporation on June 30, 1954, in lieu of the present termination date of June 30, 1956. The Senate amendment provided further that the liquidation of the assets and winding up of affairs of the Reconstruction Finance Corporation be carried out as expeditiously as possible in accordance with the provisions of sections 9 and 10 of the Reconstruction Finance Corporation Act and provided that wherever feasible public notice be given of proposed sales of Reconstruction Finance Corporation-held loans and investments. The Senate amendment would authorize the Secretary of the Treasury (who is the residual statutory liquidator of the Reconstruction Finance Corporation under the provisions of existing law) to use RFC funds to pay administrative expenses to carry out the liquidation of the RFC's activities, subject to the limitations contained in appropriation acts for administrative expenses of the RFC. A provision is also contained in the Senate amendment which would authorize National and State member banks of the Federal Reserve System to (1) acquire and hold stock in, or make loans to, private corporations formed solely for the purpose of acquiring from the RFC all or any part of the loans or securities owned in whole or in part by the RFC and of liquidating such loans or securities in accordance with terms and conditions agreed upon with the RFC and (2) to purchase from the RFC all or any part of a loan owned in whole or in part by the RFC notwithstanding the provisions of section 24 of the Federal Reserve Act. Limitations were placed upon the amount of such bank investments in stock, loans, and purchases to a certain percentage of a bank's capital and surplus.

The functions, powers, duties, and authority of the Reconstruction Finance Corporation under section 409 of the Federal Civil Defense Act of 1950 together with all assets, funds, contracts, loans, liabilities, commitments, authorizations, allocation, personnel, and records would be transferred by the Senate amendment to the Secretary of the Treasury and would be performed, exercised, and administered by the Secretary in accordance with the provisions of said section 409. The Senate amendment also contained a provision providing that any suit, action, or proceeding lawfully commenced by or against the Corporation shall not abate by reason of the termination of succession of the Corporation and would permit the court, on motion or a supplemental petition filed within 12 months after the date of termination of succession and showing the necessity for a survival of a suit, action, or other proceeding, to allow the same to be maintained by or against the officer or agency of the Government performing the functions with respect to which any suit, action, or other proceeding was commenced. The Senate amendment further provided that the Administrator of the Reconstruction Finance Corporation shall make a full report to the Congress upon the termination of succession of the Corporation and

during such time as the Secretary of the Treasury shall be liquidating the assets and winding up the affairs of the Corporation, that he shall make quarterly reports to the Congress setting forth the progress of such liquidation and winding up of affairs.

The disaster loan program and the municipal loan program of the Reconstruction Finance Corporation under the provisions of title II of the Senate amendment would be vested in the proposed Small Business Administration and a revolving fund of \$25,000,000 would be authorized for the operation of each of these programs.

Except for the following changes, the conference substitute retains the provisions of the Senate amendment:

(1) The provision authorizing National and State member banks to purchase stock in and make loans to corporations formed solely for the purpose of acquiring and liquidating RFC loans and investments, and to authorize such banks to purchase RFC loans in whole or in part notwithstanding the provisions of section 24 of the Federal Reserve Act is not retained in the conference substitute.

(2) The provision contained in the Senate amendment requiring public notice of the proposed sale of RFC loans and investments where feasible is not retained in the conference substitute. This was done for the reason that the conferees were of the opinion that (1) under existing law the RFC has the corporate power, and its Administrator the authority, to do all things necessary or appropriate to facilitate its orderly and efficient liquidation, and (2) wherever in the judgment of the Administrator an advertised sale would be more advantageous, price and other factors considered, than would be a negotiated sale, the Administrator should conduct a public sale, but that where the Administrator is of the opinion that a negotiated sale would be more advantageous, he should have the authority to negotiate a sale as he has under existing law. In other words, it is the opinion of the conferees that the provision deleted unduly curbed the broad authority already vested in the Administrator by existing law. However, it is the further opinion of the committee of conference that in the liquidation of the RFC's loan and investment portfolio the liquidators should give as wide publicity to the prospective dispositions as is deemed feasible under the circumstances.

(3) The provision relating to the transfer of the RFC's functions, powers, and duties under section 409 of the Federal Civil Defense Act of 1950 to the Secretary of the Treasury was modified to provide (a) that the transfer is to be made upon the 60th day subsequent to the effective date of the act, and (b) that only such assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, personnel, and records should be transferred as is deemed necessary by the Director of the Bureau of the Budget.

(4) The Senate amendment did not specify whether the functions, powers, and duties of the RFC in connection with the Government tin, Government rubber, and Government abacá program would have to be delegated by the President to some other officer or agency of the Government within the 60-day period of the RFC's further exercise of its lending authority, or be so delegated on or before June 30, 1954, which would be the date on which the succession of the Corporation terminates. The conference substitute makes it clear that these functions, powers, and duties may be continued in the Corporation until June 30, 1954, or may be delegated by the President to some

other officer or agency of the Government at any time on or prior to such date.

(5) In addition, the Senate amendment did not specify whether the lending authority under title III of the Defense Production Act of 1950, as amended, delegated to the Reconstruction Finance Corporation would be transferred within the 60-day period subsequent to the enactment of this act or at some other time prior to June 30, 1954. The conference substitute makes it clear that the President shall designate some other officer or agency of the Government to administer the defense loan program under title III of the Defense Production Act of 1950, as amended, within the 60-day period following enactment of this act. The continuance of this lending authority in the Reconstruction Finance Corporation during the 60-day period would in the opinion of the conferees provide a reasonable transition period for the new officer or agency to adequately prepare for the operation of the functions to be transferred.

(6) The House bill provided that upon creation of the Small Business Administration all small-business loan applications received by the Reconstruction Finance Corporation should be transmitted to the Small Business Administration for the latter's processing and action. In view of the proposed termination of the Reconstruction Finance Corporation this provision of the House bill is not retained in the conference substitute.

(7) The conference substitute provides for a separate municipal loan authority to be administered by such officer or agency of the Government as the President may designate rather than by the Small Business Administration as provided in the Senate amendment. The \$25,000,000 revolving fund provided for in the Senate amendment is retained in the conference substitute and the municipal loan authority may be exercised until June 30, 1955, which is the same termination date provided for in the Senate amendment.

SMALL BUSINESS ACT OF 1953

LOAN AUTHORIZATIONS

The House bill authorized appropriations of not to exceed \$250,000,000 to a revolving fund in the Treasury for use by the Administration. Of such sum not to exceed \$150,000,000 outstanding at any one time could be used by the Administration for business loans and not to exceed \$100,000,000 outstanding at any one time could be used for the contracting and subcontracting authority of the Administration.

The Senate amendment authorized appropriations to the revolving fund of \$300,000,000. Amounts which the Administration could use for business loans, and contracting and subcontracting authority were the same as in the House bill, namely \$150,000,000 and \$100,000,000 respectively. In addition, appropriations of \$25,000,000 for disaster loans and \$25,000,000 for public agency loans were authorized in the Senate amendment thus bringing the revolving fund total to \$300,000,000.

The conference substitute authorizes appropriations of \$275,000,000 to the revolving fund in the Treasury for use by the Administration. Of such total there may be outstanding at any one time \$150,000,000

for business loans, \$100,000,000 for contract and subcontract authority, and \$25,000,000 for disaster loans. The conference substitute in title I provides that public agency loans in an outstanding amount not to exceed \$25,000,000 may be made by an agency designated by the President rather than by the Small Business Administration as provided in the Senate amendment and hence this \$25,000,000 authorization is deleted from the authorization made available to the Small Business Administration.

LOAN AMOUNTS

The House bill provided that the outstanding amount of a business loan made or committed by participation to a borrower from funds of the Administration could not exceed \$100,000.

The Senate amendment provided a limitation of \$200,000, but made it applicable to both outstanding loans made or committed by the Administration and the total amount of a borrower's indebtedness in any part of which the Administration was obligated to participate.

The conference substitute provides a limitation of \$150,000 on the amount of a business loan or loans which may be outstanding or committed (by participation or otherwise) to a borrower from the loan revolving fund of the Administration. Under the provision of the conference substitute the amount of the participation in a loan by an outside lender would not be restricted by the loan limitation contained in the act.

LOAN POLICY BOARD

The House bill contained a provision establishing a Small Business Advisory Board composed of the Secretary of the Treasury as Chairman, the Secretary of Commerce, and the Administrator of the Small Business Administration. It was provided that either of said Secretaries might designate an officer of his Department, appointed by the President and confirmed by the Senate, to act in his stead as a member of the Board. The House bill further provided that the Board should establish general policies to govern the Small Business Administration in carrying out the powers, duties, and authorities conferred upon it. Finally, the House bill directed the Small Business Advisory Board to review the operations of the Small Business Administration and coordinate its functions with other activities and policies of the Government. The Senate amendment created a Loan Policy Board composed of the Administrator of the Small Business Administration as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. The Senate amendment, however, confined the Board's authority to establishing general lending policies of the Small Business Administration (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance and with reference to coordination of Administration functions with other Government activities and policies). The language of the conference substitute follows that of the Senate bill but with an amendment authorizing either of the Secretaries to designate an officer of his Department, appointed by the President and confirmed by the Senate, to act in his stead as a member of the Board.

TERMINATION DATE

The House bill established the Small Business Administration as a permanent agency. The Senate amendment contained a provision terminating it as of June 30, 1955. The conference substitute conforms to the Senate amendment.

DISASTER LOANS

The Senate amendment granted authority to the Small Business Administration to make loans to unfortunate victims of floods or other catastrophes up to an aggregate amount outstanding at any one time of \$25,000,000. Such loans deemed necessary or appropriate by the Administrator would be made in accordance with general policies prescribed by the Loan Policy Board. While the size of individual loans of this character was not restricted a 10-year limit was placed on the term of such a loan except that in the case of such a loan for housing for the personal occupancy of the borrower the term of the loan could extend to 20 years. No similar provision was contained in the House bill.

Such authority was intended to take the place of the disaster loan authority which has been exercised by the Reconstruction Finance Corporation. The conference substitute contains a grant of authority for such loans similar to that previously given the Reconstruction Finance Corporation, namely, that the Administrator may make such loans as he may determine to be necessary or appropriate because of floods or other catastrophes. The term limits of 10 and 20 years contained in the Senate amendment were retained. It was the opinion of the conferees that it was unnecessary to restate that such loan be made in accordance with general policies prescribed by the Loan Policy Board inasmuch as the functions assigned to that Board clearly include authority with respect to general policies on all types of loans made by the Administration.

In the fiscal year ended June 30, 1952, two-thirds of the number of disaster loans made by the Reconstruction Finance Corporation were for restoration of homes and personal effects with the remaining one-third accounted for by loans to restore business facilities and inventories. Disaster business loans (averaging \$17,000 in amount), however, accounted for three-fourths of the dollar volume and home disaster loans only one-fourth of the dollar volume of the disaster loans made.

PAYMENT OF INTEREST BY THE SMALL BUSINESS ADMINISTRATION

The Senate amendment contained a provision which would require the Administration to pay into the Treasury at the end of each fiscal year interest on the amount of revolving funds outstanding at the close of the year advanced by the Treasury. The rate of such interest would be set by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public-debt obligations of the United States of comparable maturities.

No similar provision was made in the House bill.

The conferees were of the opinion such a change was proper in order that the operations of the Administration would reflect the cost of funds utilized by the Administration and hence retained this provision of the Senate amendment in the conference substitute.

REIMBURSABLE COSTS

The House bill authorized the Administration with permission of other Government agencies to utilize the services of such agencies without reimbursement in carrying out its functions under the act. The Senate amendment modified this provision to require that the Administration make reimbursement to other Government agencies for the use of information, services, facilities, and personnel and made such use mandatory.

The conference substitute retains the permissive authority of the House bill for use of such agencies but adopts the requirement of the Senate amendment that when such agencies are used it shall be on a reimbursable basis. The conferees wish to make clear, however, that in connection with the furnishing of information to the Administration by other agencies, no charge should be made providing the information was of a character that was made available to others in the normal operation of the agency. Payment in connection with information furnished the Administration would only have to be made if the request of the Administration required the agency to undertake special work, such as a specific research project, to provide the information requested.

FISCAL AGENTS

The House bill contained a provision authorizing and directing Federal Reserve banks to act as depositaries, custodians, and fiscal agents for the Small Business Administration. The Senate amendment, in addition, expressly provided that when acting as such fiscal agent any Federal Reserve bank shall be entitled to reimbursement for all expenses incurred by it in that capacity. The language of the conference substitute follows that of the Senate amendment but with an amendment to make it clear that Federal Reserve banks shall not be required to make recommendations regarding loan applications or perform other acts requiring the exercise of judgment, as to whether loans should be made on behalf of the Small Business Administration.

AUTHORITY OF THE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION TO MAKE RULES AND REGULATIONS

The Senate amendment contained a provision giving the Administrator of the Small Business Administration authority to make such rules and regulations as he deems necessary to carry out the authority vested in him. The House bill contained no comparable provision. The conference substitute conforms to the Senate amendment.

EMPLOYMENT OF TEMPORARY PERSONNEL

The House bill contained a provision authorizing the Administrator of the Small Business Administration to employ temporary personnel for not in excess of 1 year without regard to the civil-service and

classification laws. The Senate amendment limited such period of employment to not to exceed 6 months. The conference substitute conforms to the Senate amendment.

CIVIL SERVICE RETIREMENT FUND AND EMPLOYEES COMPENSATION FUND

The Senate amendment contained a provision directing the Administrator of the Small Business Administration to contribute the Government's share to the civil-service retirement and disability fund and employees compensation fund for employees of the Small Business Administration. The House bill contained no comparable provision. The conference substitute conforms to the Senate amendment.

PRODUCERS OF MINERALS AND METALS

In the statement of the managers on the part of the House accompanying the two conference reports on S. 1081, 83d Congress, 1st session, reference was made to the eligibility of producers of strategic and critical minerals and metals for assistance by the Small Defense Plants Administration. The committee of conference desires to reaffirm the views previously expressed in such statements, and to restate that a producer of strategic and critical minerals and metals is as eligible for assistance under the Small Business Act of 1953 as any other business concern if it meets the criteria for a small business concern under the act.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
Managers on the Part of the House.



S. 15, Additional Judges Act; and Three investigative resolutions: House Resolution 217, foundation investigations; House Resolution 296, Texas City investigation; and House Resolution 346, Lithuanian and other nationalities.

It is my understanding that the other body proposes to take up the emergency immigration bill on Monday and that they hope to take up the mutual security appropriation bill on Wednesday. If they dispose of it on Wednesday that will leave the matter only for conference action. I think we can all see from that that while we have a number of matters to dispose of, by a willingness to work rather long hours I am confident we can dispose of the matters next week that are before us.

If there is any other program, we will announce it as quickly as possible. Night sessions might well be necessary. So I trust any dinner engagements that might be made will be left a little flexible.

Conference reports, of course, are in order at any time.

SMALL BUSINESS ADMINISTRATION

Mr. WOLCOTT submitted the following conference report and statement on the bill (H. R. 5141) to create a Small Business Administration and to preserve small business institutions:

CONFERENCE REPORT (H. REPT. NO. 943)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5141) to create the Small Business Administration and to preserve small business institutions and free, competitive enterprise, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TITLE I

"SEC. 101. This title may be cited as the 'Reconstruction Finance Corporation Liquidation Act.'

"SEC. 102. (a) The first sentence of section 3 (a) of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 603 (a)), is amended by striking out 'June 30, 1956' and inserting in lieu thereof 'June 30, 1954.'

"(b) Subsection (f) of section 4 of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 604 (f)), is amended by striking out 'June 30, 1954' and inserting in lieu thereof 'the sixtieth day after the date of enactment of the Reconstruction Finance Corporation Liquidation Act.'

"(c) Except as otherwise provided in this title, the liquidation of assets and winding up of affairs of the Reconstruction Finance Corporation shall be carried out as expeditiously as possible in accordance with the provisions of sections 9 and 10 of the Reconstruction Finance Corporation Act.

"(d) The Secretary of the Treasury is authorized to incur and pay out of the funds of the Corporation all administrative expenses necessary to carry out the functions vested in him as a result of the enactment of this title. Such expenses shall be limited to and charged against amounts made available to the Corporation or to the Secretary of the Treasury in appropriation Acts for applicable administrative expenses, which amounts shall not include any sums trans-

ferred to an officer or agency of the Government, other than the Secretary of the Treasury. The activities engaged in by the Secretary of the Treasury as a result of the enactment of this Act shall continue to be subject to the provisions of the Government Corporation Control Act.

"SEC. 103. Section 2 of the joint resolution entitled 'Joint resolution to strengthen the common defense and to meet industrial needs for tin by providing for the maintenance of a domestic tin-smelting industry', approved June 28, 1947 (61 Stat. 190), is amended by striking out 'the Reconstruction Finance Corporation while that Corporation has succession, and thereafter by'.

"SEC. 104. Effective on the sixtieth day after the date of enactment of this Act, all functions, powers, duties, and authority of the Reconstruction Finance Corporation under section 409 of the Federal Civil Defense Act of 1950, together with those assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, personnel, and records of the Reconstruction Finance Corporation which the Director of the Bureau of the Budget shall determine to be primarily related to, and necessary for, the exercise of such functions, powers, duties, and authority, are transferred to the Secretary of the Treasury, and shall be performed, exercised, and administered by the Secretary in accordance with the provisions of such Act.

"SEC. 105. No suit, action, or other proceeding lawfully commenced by or against the Reconstruction Finance Corporation shall abate by reason of the termination of succession of the Corporation; but the court may, on motion or supplemental petition filed at any time within twelve months after the date of such termination of succession and showing a necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or against the officer or agency of the Government performing the functions with respect to which any such suit, action, or other proceeding was commenced.

"SEC. 106. (a) Upon the termination of succession of the Reconstruction Finance Corporation the Administrator of the Reconstruction Finance Corporation shall make a full report to the Congress.

"(b) During such period of time as the Secretary of the Treasury shall be engaged in liquidating the assets and winding up the affairs of the Reconstruction Finance Corporation, pursuant to section 10 of the Reconstruction Finance Corporation Act, he shall make quarterly reports to the Congress setting forth the progress of such liquidation and winding up of affairs.

"SEC. 107. (a) (1) All functions, powers, duties, and authority of the Reconstruction Finance Corporation under the Rubber Act of 1948, as amended, the Abaca Production Act of 1950, as amended, and Public Law 125, Eightieth Congress, as amended (the tin program), shall be transferred by the President not later than June 30, 1954, in accordance with the provisions of such Acts.

"(2) All functions, powers, duties, and authority of the Reconstruction Finance Corporation under title III of the Defense Production Act of 1950, as amended, shall be transferred by the President not later than sixty days after the date of enactment of this Act in accordance with the provisions of such Act.

"(b) All assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, personnel, and records of the Reconstruction Finance Corporation which the Director of the Bureau of the Budget shall determine to be primarily related to, and necessary for, the exercise of such functions, powers, duties, and authority, shall be transferred to the officer or agency of the Government to which such functions, powers, duties, and authority are transferred.

"SEC. 108. (a) In order to aid in financing projects under Federal, State, or municipal law, the President, through such officer or agency of the Government (other than the Reconstruction Finance Corporation) as he may designate, may purchase the securities and obligations of, or make loans to, (1) States, municipalities, and political subdivisions of States, (2) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (3) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects: *Provided, however*, That the foregoing powers shall be subject to the following restrictions and limitations:

"(A) No financial assistance shall be extended pursuant to this section unless the financial assistance applied for is not otherwise available on reasonable terms and all securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise;

"(B) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years.

"(b) The officer or agency designated by the President under this section is authorized to obtain money from the Treasury of the United States for use in making purchases and loans under this section, not to exceed a total of \$25,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$25,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to such officer or agency from the revolving fund, to be used to carry out this section, when requested by such officer or agency. Such officer or agency shall pay into miscellaneous receipts of the Treasury at the close of each fiscal year, interest on the amount of advances outstanding at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

"(c) In carrying out this section, the officer or agency designated by the President shall have the powers granted to the Small Business Administration and the Administrator by section 205 of this Act.

"(d) This section and all authority conferred thereunder shall terminate at the close of June 30, 1955, except for purposes of liquidation, which shall be completed not to exceed six months after such termination. The termination of this section shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this section prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.

"TITLE II

"SEC. 201. This title may be cited as the 'Small Business Act of 1953'.

"SEC. 202. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized

unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

"Further, it is the declared policy of the Congress that the Government should aid and assist victims of floods or other catastrophes.

"Sec. 203. For the purposes of this title, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administration, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business.

"Sec. 204. (a) In order to carry out the policies of this title there is hereby created an agency under the name 'Small Business Administration' (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration.

"(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$275,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$275,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 207 (a), (b), (c), and (d). Not to exceed an aggregate of \$150,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed an aggregate of \$25,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (b). Not to exceed an aggregate of \$100,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (c) and (d). The Administration shall pay into miscellaneous receipts of the Treasury at the close of each fiscal year, interest on the amount of advances outstanding at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

"(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy administrators to assist in the execution of the functions vested in the Administration. Deputy administrators shall be paid at the rate of \$15,000 per annum.

"(d) There is hereby created the Loan Policy Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Administrator, as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Loan Policy Board with respect to any matter or matters. The Loan Policy Board shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Government) which shall govern the granting and denial of applications for financial assistance by the Administration.

"Sec. 205. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this title; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself on a reimbursable basis of the use of information, services, facilities, including any field service thereof, officers, and employees thereof, in carrying out the provisions of this title.

"(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator may—

"(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property;

"(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

"(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

"(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or

contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint;

"(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 207 (a) or 207 (b) of this title;

"(6) make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this title; and

"(7) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans made under the provisions of this title.

"(c) To such extent as he finds necessary to carry out the provisions of this title, the Administrator is hereby authorized to procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil-service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5).

"Sec. 206. (a) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this title. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration. Each Federal Reserve bank, when designated by the Administrator as fiscal agent for the Administration, shall be entitled to be reimbursed for all expenses incurred as such fiscal agent.

"(b) The Administrator shall contribute to the civil-service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil-service retirement system applicable to the employees engaged in carrying out the functions financed by the revolving fund established by section 204 (b) of this Act. The Administrator shall also contribute to the employees' compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees engaged in carrying out the functions financed by such revolving fund. The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds, which shall be paid by the Administrator into the Treasury as miscellaneous receipts.

"SEC. 207. The Administration is empowered—

"(a) to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however,* That the foregoing powers shall be subject to the following restrictions and limitations:

"(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available;

"(2) No loan shall be extended pursuant to (a) above if the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund established by this title would exceed \$150,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding ten years, except that any loan made for the purpose of constructing industrial facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction;

"(3) In agreements to participate in loans on a deferred basis, such participations by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement;

"(b) to make such loans as the Administration may determine to be necessary or appropriate because of floods of other catastrophes: *Provided,* That no such loan including renewals and extensions thereof may be made for a period or periods exceeding ten years except that where such loan is for acquisition or construction (including acquisition of site therefor) of housing for the personal occupancy of the borrower, it may be made for a period not to exceed twenty years;

"(c) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

"(d) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

"(e) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods of engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information

concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

"SEC. 208. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

"SEC. 209. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"SEC. 210. It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

"(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

"(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

"SEC. 211. When directed by the President, it shall be the duty of the Administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all

such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved.

"SEC. 212. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

"(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

"(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated 'small-business concerns' for the purpose of effectuating the provisions of this title;

"(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

"(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this title;

"(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

"(g) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs;

"(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

"(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this title.

"SEC. 213. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

"SEC. 214. To effectuate the purposes of this title, small-business concerns within the meaning of this title shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national defense programs.

"SEC. 215. The Administration shall make a report every six months of operations un-

der this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

"SEC. 216. The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

"SEC. 217. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objectives of this title.

"(b) No act or omission to act pursuant to this title which occurs while this title is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) of this section and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

"(c) The authority granted in subsection (b) of this section shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President, by and with the advice and consent of the Senate, and (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

"(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

"SEC. 218. (a) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

"(b) The President may also provide for such transfers of records, property, and personnel from the Small Defense Plants Administration, during the period of its liquidation, as he considers appropriate to assist the Small Business Administration in carrying out its functions under this title.

"SEC. 219. No loan shall be made or equipment, facilities, or services furnished by the Administration under this title to any business enterprise unless the owners, partners,

or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this title; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

"SEC. 220. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

"SEC. 221. (a) This title and all authority conferred thereunder shall terminate at the close of June 30, 1955, but the President may continue the Administration for purposes of liquidation for not to exceed six months after such termination.

"(b) The termination of this title shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this title prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.

"SEC. 222. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act.

"SEC. 223. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,

Managers on the Part of the House.

HOMER E. CAPEHART,
JOHN W. BRICKER,
IRVING M. IVES,
WALLACE F. BENNETT,
BURNET R. MAYBANK,
JOHN SPARKMAN,
A. WILLIS ROBERTSON,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5141) to create the Small Business Administration and to preserve small business institutions and free, competitive enterprise, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the House bill and the Senate amendment. Except for technical clarifying and conforming changes, the following statement explains the differences between the House bill and the substitute agreed to in conference.

The House bill provided solely for the creation of a Small Business Administration. The Senate amendment provided for the termination and liquidation of the Reconstruction Finance Corporation, the transfer of certain programs presently conducted by the Reconstruction Finance Corporation, and also provided for the creation of a Small Business Administration. Title I of the conference substitute pertains to the liquidation of the Reconstruction Finance Corporation and the transfer of certain of its duties, and provides that such title may be cited as the "Reconstruction Finance Corporation Liquidation Act," and title II of the conference substitute pertains to the creation of the Small Business Administration and provides that such title may be cited as the "Small Business Act of 1953."

RECONSTRUCTION FINANCE CORPORATION LIQUIDATION ACT

Under existing law the Reconstruction Finance Corporation is authorized to exercise its lending authority provided for in section 4 of the Reconstruction Finance Corporation Act until June 30, 1954, and the Corporation has succession for a 2-year period beyond such date until June 30, 1956. In addition to powers, duties, and authority vested in the RFC under the Reconstruction Finance Corporation Act, the RFC performs additional duties delegated to it either by the Congress or the President under the provisions of several other laws. Among these additional duties of the RFC are (1) the operation of the Government rubber program which has been delegated to the RFC by the President pursuant to the Rubber Act of 1948, as amended; (2) the making of defense loans pursuant to title III of the Defense Production Act of 1950, as amended; (3) the operation of the Government tin program pursuant to the joint resolution entitled "Joint Resolution to strengthen the common defense and to meet industrial needs for tin by providing for the maintenance of a domestic tin-smelting industry," approved June 28, 1947; (4) the Government abaca program pursuant to section 4 of the Abaca Production Act of 1950; (5) the making of small business loans recommended to it by the Small Defense Plants Administration pursuant to section 714 of the Defense Production Act of 1950; and (6) the purchasing of securities or making of loans for the purpose of aiding and financing projects for civil defense purposes pursuant to section 409 of the Federal Civil Defense Act of 1950.

The Senate amendment provided for the termination of the exercise of the RFC lending authority under the Reconstruction Finance Corporation Act upon the sixtieth day following the enactment of this act in lieu of the present termination date of June 30, 1954, and provided for the termination of the succession of the Corporation on June 30, 1954, in lieu of the present termination date of June 30, 1956. The Senate amendment provided further that the liquidation of the assets and winding up of affairs of the Reconstruction Finance Corporation be carried out as expeditiously as possible in accordance with the provisions of sections 9 and 10 of the Reconstruction Finance Corporation Act and provided that wherever feasible public notice be given of proposed sales of Reconstruction Finance Corporation held loans and investments. The Senate amendment would authorize the Secretary of the Treasury (who is the residual statu-

tory liquidator of the Reconstruction Finance Corporation under the provisions of existing law) to use RFC funds to pay administrative expenses to carry out the liquidation of the RFC's activities, subject to the limitations contained in appropriation acts for administrative expenses of the RFC. A provision is also contained in the Senate amendment which would authorize National and State member banks of the Federal Reserve System to (1) acquire and hold stock in, or make loans to, private corporations formed solely for the purpose of acquiring from the RFC all or any part of the loans or securities owned in whole or in part by the RFC and of liquidating such loans or securities in accordance with terms and conditions agreed upon with the RFC, and (2) to purchase from the RFC all or any part of a loan owned in whole or in part by the RFC notwithstanding the provisions of section 24 of the Federal Reserve Act. Limitations were placed upon the amount of such bank investments in stock, loans, and purchases to a certain percentage of a bank's capital and surplus.

The functions, powers, duties, and authority of the Reconstruction Finance Corporation under section 409 of the Federal Civil Defense Act of 1950 together with all assets, funds, contracts, loans, liabilities, commitments, authorizations, allocation, personnel, and records would be transferred by the Senate amendment to the Secretary of the Treasury and would be performed, exercised, and administered by the Secretary in accordance with the provisions of said section 409. The Senate amendment also contained a provision providing that any suit, action, or proceeding lawfully commenced by or against the Corporation shall not abate by reason of the termination of succession of the Corporation and would permit the court, on motion or a supplemental petition filed within 12 months after the date of termination of succession and showing the necessity for a survival of a suit, action, or other proceeding, to allow the same to be maintained by or against the officer or agency of the Government performing the functions with respect to which any suit, action, or other proceeding was commenced. The Senate amendment further provided that the Administrator of the Reconstruction Finance Corporation shall make a full report to the Congress upon the termination of succession of the Corporation and during such time as the Secretary of the Treasury shall be liquidating the assets and winding up the affairs of the Corporation, that he shall make quarterly reports to the Congress setting forth the progress of such liquidation and winding up of affairs.

The disaster loan program and the municipal loan program of the Reconstruction Finance Corporation under the provisions of title II of the Senate amendment would be vested in the proposed Small Business Administration and a revolving fund of \$25,000,000 would be authorized for the operation of each of these programs.

Except for the following changes, the conference substitute retains the provisions of the Senate amendment:

(1) The provision authorizing national and State member banks to purchase stock in and make loans to corporations formed solely for the purpose of acquiring and liquidating RFC loans and investments, and to authorize such banks to purchase RFC loans in whole or in part notwithstanding the provisions of section 24 of the Federal Reserve Act is not retained in the conference substitute.

(2) The provision contained in the Senate amendment requiring public notice of the proposed sale of RFC loans and investments where feasible is not retained in the conference substitute. This was done for the reason that the conferees were of the opin-

ion that: (1) Under existing law the RFC has the corporate power, and its Administrator the authority, to do all things necessary or appropriate to facilitate its orderly and efficient liquidation, and (2) wherever in the judgment of the Administrator an advertised sale would be more advantageous, price and other factors considered, than would be a negotiated sale, the Administrator should conduct a public sale, but that where the Administrator is of the opinion that a negotiated sale would be more advantageous, he should have the authority to negotiate a sale as he has under existing law. In other words, it is the opinion of the conferees that the provision deleted unduly curbed the broad authority already vested in the Administrator by existing law. However, it is the further opinion of the committee of conference that in the liquidation of the RFC's loan and investment portfolio the liquidators should give as wide publicity to the prospective dispositions as is deemed feasible under the circumstances.

(3) The provision relating to the transfer of the RFC's functions, powers, and duties under section 409 of the Federal Civil Defense Act of 1950 to the Secretary of the Treasury was modified to provide (a) that the transfer is to be made upon the sixtieth day subsequent to the effective date of the act, and (b) that only such assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, personnel, and records should be transferred as is deemed necessary by the Director of the Bureau of the Budget.

(4) The Senate amendment did not specify whether the functions, powers, and duties of the RFC in connection with the Government tin, Government rubber, and Government abaca program would have to be delegated by the President to some other officer or agency of the Government within the sixty-day period of the RFC's further exercise of its lending authority, or be so delegated on or before June 30, 1954, which would be the date on which the succession of the Corporation terminates. The conference substitute makes it clear that these functions, powers, and duties may be continued in the Corporation until June 30, 1954, or may be delegated by the President to some other officer or agency of the Government at any time on or prior to such date.

(5) In addition, the Senate amendment did not specify whether the lending authority under title III of the Defense Production Act of 1950, as amended, delegated to the Reconstruction Finance Corporation would be transferred on the 60-day period subsequent to the enactment of this Act or at some other time prior to June 30, 1954. The conference substitute makes it clear that the President shall designate some other officer or agency of the government to administer the defense-loan program under title III of the Defense Production Act of 1950, as amended, within the sixty-day period following enactment of this act. The continuance of this lending authority in the Reconstruction Finance Corporation during the 60-day period would in the opinion of the conferees provide a reasonable transition period for the new officer or agency to adequately prepare for the operation of the functions to be transferred.

(6) The House bill provided that upon creation of the Small Business Administration all small business loan applications received by the Reconstruction Finance Corporation should be transmitted to the Small Business Administration for the latter's processing and action. In view of the proposed termination of the Reconstruction Finance Corporation this provision of the House bill is not retained in the conference substitute.

(7) The conference substitute provides for a separate municipal loan authority to be administered by such officer or agency of the

Government as the President may designate rather than by the Small Business Administration as provided in the Senate amendment. The \$25,000,000 revolving fund provided for in the Senate amendment is retained in the conference substitute and the municipal loan authority may be exercised until June 30, 1955, which is the same termination date provided for in the Senate amendment.

SMALL BUSINESS ACT OF 1953

Loan authorizations

The House bill authorized appropriations of not to exceed \$250,000,000 to a revolving fund in the Treasury for use by the Administration. Of such sum not to exceed \$150,000,000 outstanding at any one time could be used by the Administration for business loans and not to exceed \$100,000,000 outstanding at any one time could be used for the contracting and subcontracting authority of the Administration.

The Senate amendment authorized appropriations to the revolving fund of \$300,000,000. Amounts which the Administration could use for business loans, and contracting and subcontracting authority were the same as in the House bill, namely \$150,000,000 and \$100,000,000 respectively. In addition, appropriations of \$25,000,000 for disaster loans and \$25,000,000 for public agency loans were authorized in the Senate amendment thus bringing the revolving fund total to \$300,000,000.

The conference substitute authorizes appropriations of \$275,000,000 to the revolving fund in the Treasury for use by the Administration. Of such total there may be outstanding at any one time \$150,000,000 for business loans, \$100,000,000 for contract and subcontract authority and \$25,000,000 for disaster loans. The conference substitute in title I provides that public agency loans in an outstanding amount not to exceed \$25,000,000 may be made by an agency designated by the President rather than by the Small Business Administration as provided in the Senate amendment and hence this \$25,000,000 authorization is deleted from the authorization made available to the Small Business Administration.

Loan amounts

The House bill provided that the outstanding amount of a business loan made or committed by participation to a borrower from funds of the Administration could not exceed \$100,000.

The Senate amendment provided a limitation of \$200,000 but made it applicable to both outstanding loans made or committed by the Administration and the total amount of a borrower's indebtedness in any part of which the Administration was obligated to participate.

The conference substitute provides a limitation of \$150,000 on the amount of a business loan or loans which may be outstanding or committed (by participation or otherwise) to a borrower from the loan revolving fund of the Administration. Under the provision of the conference substitute the amount of the participation in a loan by an outside lender would not be restricted by the loan limitation contained in the act.

Loan Policy Board

The House bill contained a provision establishing a Small Business Advisory Board composed of the Secretary of the Treasury as Chairman, the Secretary of Commerce, and the Administrator of the Small Business Administration. It was provided that either of said Secretaries might designate an officer of his Department, appointed by the President and confirmed by the Senate, to act in his stead as a member of the board. The House bill further provided that the board should establish general policies to govern the Small Business Administration in carrying out the powers, duties, and au-

thorities conferred upon it. Finally, the House bill directed the Small Business Advisory Board to review the operations of the Small Business Administration and coordinate its functions with other activities and policies of the Government. The Senate amendment created a Loan Policy Board composed of the Administrator of the Small Business Administration, as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. The Senate amendment, however, confined the Board's authority to establishing general lending policies of the Small Business Administration (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance and with reference to coordination of Administration functions with other Government activities and policies). The language of the conference substitute follows that of the Senate bill but with an amendment authorizing either of the Secretaries to designate an officer of his Department, appointed by the President and confirmed by the Senate, to act in his stead as a member of the board.

Termination date

The House bill established the Small Business Administration as a permanent agency. The Senate amendment contained a provision terminating it as of June 30, 1955. The conference substitute conforms to the Senate amendment.

Disaster loans

The Senate amendment granted authority to the Small Business Administration to make loans to unfortunate victims of floods or other catastrophes up to an aggregate amount outstanding at any one time of \$25,000,000. Such loans deemed necessary or appropriate by the Administrator would be made in accordance with general policies prescribed by the Loan Policy Board. While the size of individual loans of this character was not restricted a 10-year limit was placed on the term of such a loan except that in the case of such a loan for housing for the personal occupancy of the borrower the term of the loan could extend to 20 years. No similar provision was contained in the House bill.

Such authority was intended to take the place of the disaster loan authority which has been exercised by the Reconstruction Finance Corporation. The conference substitute contains a grant of authority for such loans similar to that previously given the Reconstruction Finance Corporation, namely, that the Administrator may make such loans as he may determine to be necessary or appropriate because of floods or other catastrophes. The term limits of 10 and 20 years contained in the Senate amendment were retained. It was the opinion of the conferees that it was unnecessary to restate that such loan be made in accordance with general policies prescribed by the Loan Policy Board inasmuch as the functions assigned to that Board clearly include authority with respect to general policies on all types of loans made by the Administration.

In the fiscal year ended June 30, 1952, two-thirds of the number of disaster loans made by the Reconstruction Finance Corporation were for restoration of homes and personal effects with the remaining one-third accounted for by loans to restore business facilities and inventories. Disaster business loans (averaging \$17,000 in amount), however, accounted for three-fourths of the dollar volume and home disaster loans only one-fourth of the dollar volume of the disaster loans made.

Payment of interest by the Small Business Administration

The Senate amendment contained a provision which would require the Administration to pay into the Treasury at the end of each fiscal year interest on the amount of revolving funds outstanding at the close of

the year advanced by the Treasury. The rate of such interest would be set by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

No similar provision was made in the House bill.

The conferees were of the opinion such a change was proper in order that the operations of the Administration would reflect the cost of funds utilized by the Administration and hence retained this provision of the Senate amendment in the conference substitute.

Reimbursable costs

The House bill authorized the Administration with permission of other government agencies to utilize the services of such agencies without reimbursement in carrying out its functions under the act. The Senate amendment modified this provision to require that the Administration make reimbursement to other government agencies for the use of information, services, facilities and personnel and made such use mandatory.

The conference substitute retains the permissive authority of the House bill for use of such agencies but adopts the requirement of the Senate amendment that when such agencies are used it shall be on a reimbursable basis. The conferees wish to make clear, however, that in connection with the furnishing of information to the Administration by other agencies, no charge should be made providing the information was of a character that was made available to others in the normal operation of the agency. Payment in connection with information furnished the Administration would only have to be made if the request of the Administration required the agency to undertake special work, such as a specific research project, to provide the information requested.

Fiscal agents

The House bill contained a provision authorizing and directing Federal Reserve banks to act as depositaries, custodians, and fiscal agents for the Small Business Administration. The Senate amendment, in addition, expressly provided that when acting as such fiscal agent any Federal Reserve bank shall be entitled to reimbursement for all expenses incurred by it, in that capacity. The language of the conference substitute follows that of the Senate amendment but with an amendment to make it clear that Federal Reserve banks shall not be required to make recommendations regarding loan applications or perform other acts requiring the exercise of judgment, as to whether loans should be made on behalf of the Small Business Administration.

Authority of the Administrator of the Small Business Administration to make rules and regulations

The Senate amendment contained a provision giving the Administrator of the Small Business Administration authority to make such rules and regulations as he deems necessary to carry out the authority vested in him. The House bill contained no comparable provision. The conference substitute conforms to the Senate amendment.

Employment of temporary personnel

The House bill contained a provision authorizing the Administrator of the Small Business Administration to employ temporary personnel for not in excess of 1 year without regard to the civil service and classification laws. The Senate amendment limited such period of employment to not to exceed 6 months. The conference substitute conforms to the Senate amendment.

Civil-service retirement fund and employees compensation fund

The Senate amendment contained a provision directing the Administrator of the

Small Business Administration to contribute the government's share to the civil-service retirement and disability fund and employees compensation fund for employees of the Small Business Administration. The House bill contained no comparable provision. The conference substitute conforms to the Senate amendment.

Producers of minerals and metals

In the statement of the managers on the part of the House accompanying the two conference reports on S. 1081, 83d Congress, 1st session, reference was made to the eligibility of producers of strategic and critical minerals and metals for assistance by the Small Defense Plants Administration. The committee of conference desires to reaffirm the views previously expressed in such statements, and to restate that a producer of strategic and critical minerals and metals is as eligible for assistance under the Small Business Act of 1953 as any other business concern if it meets the criteria for a small business concern under the act.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,

Managers on the Part of the House.

AMENDING AN ACT OF CONGRESS APPROVED MARCH 4, 1915

Mr. MILLER of Nebraska submitted the following conference report and statement on the bill (H. R. 1802) to amend the act of Congress approved March 4, 1915:

CONFERENCE REPORT (H. REPT. No. 944)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1802) to amend the act of Congress approved March 4, 1915 (38 Stat. 1214), as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate.

A. L. MILLER,
WESLEY A. D'EWART,
JOHN P. SAYLOR,
CLAIR ENGLE,
KEN REGAN,

Managers on the Part of the House.

HUGH BUTLER,
HENRY C. DWORSHAK,
FRANK A. BARRETT,
JAMES E. MURRAY,
EARLE C. CLEMENTS,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1802) amending the act of Congress approved March 5, 1915 (38 Stat. 1214), as amended, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report, namely:

The conference agreement accepts the Senate amendment which establishes January 15, 1953, as the cutoff date for preference right application, as spelled out in the amendment. It is believed by your conferees that establishment of this preference right recognizes and protects the equities and investments of the holders of previously acquired mineral leases which were acquired in good faith.

A. L. MILLER,
WESLEY A. D'EWART,
JOHN P. SAYLOR,
CLAIR ENGLE,
KEN REGAN,

Managers on the Part of the House.

TAXATION REVISIONS

Committee on Ways and Means: Ordered the following bills reported to the House—

H. R. 62, amended, pertaining to distilled spirits and wines rectified in bonded manufacturing warehouses;

H. R. 2062, coordinating the Wisconsin retirement fund with Federal OASI system;

H. R. 4151, amended, extending for 1 year the OASI wage credits for certain military service and providing lump-sum death payments for certain military personnel;

H. R. 4927, amended, authorizing receipt of checks in payment of stamp taxes;

H. R. 4980, amended, permitting taxpayers to receive monthly drawbacks instead of quarterly drawbacks;

H. R. 6402, amended, providing for abatement of jeopardy assessments when jeopardy does not exist;

H. R. 6413, amended, authorizing withholding by Federal Government from wages of employees, certain taxes imposed by municipalities;

H. R. 6440, amended, amending section 345 of the Internal Revenue Code of 1951 regarding abatement of taxes for certain trusts of members of the Armed Forces dying in service; and

H. R. 6465, amending paragraph 1530 of the Tariff Act of 1930 with respect to footwear.

SOCIAL SECURITY

Committee on Ways and Means: Representative Curtis of Nebraska, chairman of the Subcommittee on Social Security, stated at today's opening hearing that the purpose of the pending social-security study was to prepare the way for the full committee to consider the areas in which basic improvements can be achieved in providing for the worthy aged. He said that before the inquiry turned its attention specifically to problems concerning the aged, that the subcommittee would review background matter. He outlined the growth in population during the 18 years of the act's existence, and underscored the wide margin of miscalculation in census figures, which were used in the law's original estimates. Mr. Curtis showed where the actuaries in 1934 estimated a total population of about 141 million persons, while the actual census figures showed a population of about 151 million persons in 1950. In these same estimates a miscalculation of 1.5 million persons over 65 years of age is shown. The first witness to testify was Dr. Henry S. Shryock, Assistant Chief of Population Statistics, Population and Housing Division of the Bureau of the Census. Hearings will be resumed tomorrow morning.

BILLS SIGNED BY THE PRESIDENT

New Laws

(For last listing of Public Laws, see Digest, p. D756)

S. J. Res. 82, providing for reappointment of Robert B. Fleming as member of Board of Regents, Smithsonian Institution. Signed July 23, 1953 (P. L. 142);

Joint Committee Meetings

SMALL BUSINESS ADMINISTRATION

Conferees, on Thursday, July 23, agreed to file a conference report on the differences between the Senate- and House-passed versions of H. R. 5141, to create the Small Business Administration and to preserve small-business institutions and free competitive enterprise. As agreed by the conferees, the bill would provide (1) that the RFC continue its lending functions for 60 days after passage of the bill, and thereafter liquidate until June 30, 1954, after which time the Secretary of the Treasury would continue liquidation of the RFC, (2) transfer to such agency as the President may designate of the RFC's authority to make loans to public agencies, with \$25 million authorized to be appropriated for such loans, (3) that the Secretaries of the Treasury and Commerce may delegate their functions on the loan policy board to an officer in their departments, which officer has been confirmed by the Senate, (4) that the Comptroller General be given control over expenditures of the SBA, (5) limitation of loans to any one borrower to \$150,000, and (6) that the SBA shall make a transfer charge for use of Government property or in letting contracts on a basis that will result in recovery of direct costs only.

Conferees agreed to delete from the bill provisions which (1) would have allowed national banks or State member banks of Federal Reserve System to purchase stock in or make loans to corporations to purchase RFC assets, and (2) would have allowed national banks to purchase RFC assets directly.

APPROPRIATIONS—INTERIOR

Conferees on H. R. 4828, Interior appropriations for 1954, met in executive session to resolve the differences between the Senate- and House-passed versions of the bill, but did not complete their work and continued in an evening session.

ALASKA LAND LEASES

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H. R. 1802, relative to leasing Alaskan lands which have been reserved for educational purposes, and have been found to contain oil, gas, and coal deposits. As approved by the conferees, the House receded from its disagreement to the Senate amendment to this bill.

S. J. Res. 83, providing for appointment of Owen Josephus Roberts as member of Board of Regents, Smithsonian Institution. Signed July 23, 1953 (P. L. 143);

H. R. 3380, to authorize the exchange of lands acquired by the U. S. for Prince William Forest Park, Va.,

for the purpose of consolidating Federal holdings therein. Signed July 23, 1953 (P. L. 144);

H. R. 163, to provide for the conveyance of certain land in Monroe County, Ark., to the State of Arkansas. Signed July 23, 1953 (P. L. 145);

H. R. 1571, to permit appointment of Federal or Territorial employees to the Alaska Game Commission if no others are available. Signed July 23, 1953 (P. L. 146);

H. R. 4091, amending the Civil Service Act so as to make the exclusion from such act of temporary employees of Congress inapplicable to such employees who are appointed to an annual rate of salary. Signed July 23, 1953 (P. L. 147);

H. R. 5705, providing for automatic renewal of term policies of U. S. Government and national service life insurance. Signed July 23, 1953 (P. L. 148).

CONGRESSIONAL PROGRAM AHEAD

Senate Chamber

(Week of July 27–August 1)

On Monday, Senate will consider S. 1917, quota immigration visas; on Tuesday, it is expected that conference report on H. R. 5134, Continental Shelf bill, will be considered, and possibly H. R. 5805, legislative appropriations; on Wednesday, H. R. 6391, mutual security appropriations, will probably be considered. Balance of week will be taken up with other reported legislation and conference reports.

Senate Committees

Committee on Armed Services: July 27, executive, on nominations, and on S. 2361, military public works, H. R. 5304, Armed Services Contingency Act, and H. R. 6039, credit for ROTC service, 9:45 a. m., 212 Senate Office Building.

July 29, Subcommittee on Real Estate and Military Construction, on pending projects.

Committee on Finance: July 27, executive, on H. R. 6426, income and estate taxes, H. R. 5257, extend narcotics provisions to Trust Territory of the Pacific Islands, and H. R. 5561, drugs classified as narcotics, 10 a. m., 312 Senate Office Building.

Committee on Foreign Relations: July 27, executive, on nominations, 10:30 a. m., room F-53, Capitol.

Committee on Interior and Insular Affairs: July 28, on nomination of Glenn L. Emmons, of New Mexico, to be Commissioner of Indian Affairs, to be followed by consideration of calendar bills.

Committee on Interstate and Foreign Commerce: July 27 and 30, subcommittee, on maritime subsidies, 10 a. m., room G-16, Capitol.

Committee on the Judiciary: July 27, executive, on calendar business, 10:30 a. m., 424 Senate Office Building;

July 28, subcommittee, on nomination of Mrs. Robert W. Leeds, of N. J., to be Assistant Commissioner of Patents;

July 28, subcommittee, on S. 509, overtime claims of customs employees;

July 30, subcommittee, on nominations of U. S. attorneys and marshals and members of Board of Parole.

Committee on Labor and Public Welfare: July 30, executive, on H. R. 6078 and H. R. 6049, school construction and assistance, and H. R. 5740, factory inspections.

Committee on Post Office and Civil Service: July 27, on S. 2451, veterans' preference, 10:30 a. m., 135 Senate Office Building.

House Chamber

(Week of July 27–August 1)

Monday and balance of week: The House will consider the following measures, but not necessarily in the order listed—

District day (6 bills);

Consent and Private Calendars;

Conference report on H. R. 5141, to create a Small Business Administration and to preserve small business institutions and free competitive enterprise;

S. 2277, to authorize the loan of two submarines to Italy and a small aircraft carrier to France;

H. R. 5741, to amend the Trading With the Enemy Act by authorizing the Attorney General to cover into the U. S. Treasury additional moneys to satisfy awards made necessary under the War Claims Act of 1948;

H. R. 5976, to amend section 1 of the Natural Gas Act, regarding natural-gas distribution;

S. 2097, to increase to \$33 million the authorization of appropriations for the construction of the Eklutna, Alaska, project;

S. 2417, to provide for the creation of a Commission on Judicial and Congressional Salaries;

H. R. 6481, a bill to authorize 240,000 special quota immigrant visas;

H. R. 6052, to readjust postal rates;

H. R. 6375, the military public works bill;

H. R. 6016, to assist President in meeting famine or other urgent agricultural relief requirements in countries friendly to the United States;

S. 15, to provide for the appointment of additional circuit and district judges;

H. Res. 217, creating a special committee to conduct a full and complete investigation and study of educational and philanthropic foundations and other comparable organizations which are exempt from Federal income taxation;

H. Res. 296, authorizing the Committee on the Judiciary to make an investigation of all claims arising out of the explosions at Texas City, Tex., on April 16 and 17, 1947; and

H. Res. 346, creating a select committee to investigate the seizure of Lithuania, Latvia, and Estonia by U. S. S. R. and other circumstance which led to the "incorporation" of these countries into the Soviet Union.

NOTE.—Conference reports may be called up at any time.

House Committees

Committee on Armed Services: July 27 until completed, on H. R. 6375, military public works bill, executive, 10 a. m., 313-A Old House Office Building.

Committee on Education and Labor: July 27 and 28, McConnell subcommittee on assistance and rehabilitation of the physically handicapped, 10 a. m., 429 Old House Office Building.

Committee on Foreign Affairs: July 27, executive meeting of Subcommittee on Far East and Pacific, 2:30 p. m., G-3 U. S. Capitol.

amendment S. Con. Res. 40, requesting that "United States of America" be placed on exported American-made goods (H. Rept. 967)(p. 10228).

21. PUBLIC LANDS; RECLAMATION. The Interior and Insular Affairs Committee reported with amendment H. R. 4646, providing for the exchange of public lands for private sustained-yield timber lands which are acquired in connection with Federal projects (H. Rept. 972); S. 837, permitting exchange and amendment of farm units on Federal irrigation projects (H. Rept. 977); H. R. 2839, enabling the Hawaiian Homes Commission to exchange certain lands for public lands (H. Rept. 979); and H. R. 5731, authorizing the De Luz Dam, Calif. (H. Rept. 984)(p. 10228).
22. BUDGETING; PROPERTY. The Government Operations Committee reported with amendment H. R. 2, to provide that Federal expenditures shall not exceed revenues except under certain conditions (H. Rept. 981); and without amendment H. R. 6382, to extend until June 30, 1954, the period during which GSA may conduct negotiated sales of surplus property (H. Rept. 982)(p. 10228).
23. IMMIGRATION. The Judiciary Committee reported with amendment H. R. 6481, to authorize entry of refugees, etc., into this country (H. Rept. 974), and the Rules Committee reported a resolution for its consideration (p. 10228).
24. TAXATION; PAYROLLING. The Ways and Means Committee reported with amendment H. R. 6413, to permit the Federal Government to withhold from employees' wages certain municipal taxes (H. Rept. 992)(p. 10229).
25. WATER COMPACT. Passed without amendment S. 1197, consenting to a water compact between Nebr., Wyo., and S. Dak. (p. 10140). This bill will now be sent to the President.
26. ELECTRIFICATION. Passed without amendment H. R. 3598, to consolidate the Parker and Davis Dam projects (p. 10133).
27. MINERALS. Passed with amendment S. 2220, to amend the mineral leasing laws regarding pipelines passing through the public domain (pp. 10132, 10143-4).
Passed with amendment S. 1397, relating to mining claims located on land with respect to which a permit or lease has been issued, or an application of offer for permit or lease has been made, under the mineral leasing laws, etc., after Rep. Gavin first objected and spoke about his concern for protection of the surface values on national forest land (pp. 10133, 10141).
28. LAND TRANSFERS. Passed as reported H. R. 1797, to convey certain land to Eastern Oklahoma Agricultural and Mechanical College (pp. 10133-5).
Passed as reported H. R. 2458, to authorize transfer of a tract of national forest land at Cherry Point, N. C., to the Navy (p. 10137).
Passed without amendment H. R. 3097, to authorize transfer of a grape-research station to the U. of Calif. (pp. 10137-8).
Passed without amendment H. R. 5888, to authorize transfer of a cotton field station to N. C. (p. 10138).
Passed as reported H. R. 107, to provide for transfer of the site of the original Ft. Buford, N. Dak., to N. Dak. (p. 10140).
29. ORCHARD LOANS. Passed without amendment H. R. 4158, to extend for 5 years the USDA authority to make certain loans to orchardists in the Pacific Northwest (pp. 10140-1, 10144).
30. PERSONNEL. Passed as reported H. R. 6185, to amend the Veterans' Preference Act with respect to disabled veterans (p. 10142).

31. APPROPRIATIONS. Received the second conference report on H. R. 4663, the 1st independent offices appropriation bill, 1954 (H. Rept. 997)(pp. 10220-2).
Received the conference report on H. R. 5246, the Labor-HEW appropriation bill for 1954 (H. Rept. 995)(pp. 10222-5).
Received the conference report on H. R. 5471, the D. C. appropriation bill for 1954 (H. Rept. 996)(pp. 10225-6).
32. BANKING AND CURRENCY. Rep. Patman claimed the Federal Reserve Board has "launched a propaganda drive for permanent controls over installment credit which are nothing more than trade controls" (pp. 10218-20).
Rep. Deane discussed the Government's fiscal policy and the impact of recent interest-rate increases on the economy (pp. 10211-17).
33. RUBBER. Received the conference report on H. R. 5728, to dispose of Government rubber-producing plants (H. Rept. 999)(pp. 10182-7).
34. REORGANIZATION. Rep. Brown of Ohio, Rep. Holifield, Joseph P. Kennedy, and Sidney A. Mitchell were appointed to the Commission on Organization of the Executive Branch of the Government (p. 10125).
35. CREDIT UNIONS. Passed without amendment S. 873, to amend the D. C. Credit Unions Act to bring it into line with the Federal Credit Unions Act (p. 10160). This bill will now be sent to the President.
36. SMALL BUSINESS. Agreed to the conference report on H. R. 514⁵¹⁴¹ to create a Small Business Administration (pp. 10172-82).
37. FOUNDATIONS INVESTIGATION. Agreed to, with amendment, H. Res. 217, to create a select committee to investigate foundations (pp. 10188-203).

BILLS INTRODUCED

38. PROPERTY. H. R. 6534, by Rep. Bender, to provide for Federal payments in lieu of taxes on property; to Interior and Insular Affairs (p. 10229).
H. J. Res. 310, by Rep. Mason, relating to prohibitions upon giving or lending of Government property to any foreign government or international organization; to Judiciary Committee (p. 10230).
39. REORGANIZATION. H. R. 6535, by Rep. Dodd, to amend the Reorganization Act of 1939 so as to authorize either House to disapprove specific provisions in reorganization plans; to Government Operations Committee (p. 10229).
40. PERSONNEL. H. R. 6537, by Rep. Forand, and H. R. 6539, by Rep. Mason, to amend the Social Security Act to provide unemployment insurance for Federal civilian employees; to Ways and Means Committee (p. 10229).
41. CLAIMS. H. R. 6541, by Rep. Miller, Calif., to extend the time for filing claims on behalf of certain claimants; to Judiciary Committee (p. 10229).
42. MINERALS. H. R. 6543, by Rep. Pfost, to create a Department of Mineral Resources; to Government Operations Committee (p. 10229).
43. POSTAL RATES. H. R. 6544, by Rep. Reams, to establish a postal rate-making procedure under the executive department; to Post Office and Civil Service Committee (pp. 10229-30).
44. WOOL. H. R. 6548, by Rep. Hagen, Calif., to amend the Tariff Act to encourage

Yakima Indian Reservation, Washington, for use of the Wapato irrigation project."

Mr. JENSEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 20: Page 12, line 8, after "Secretary" insert the following: "Provided however, That no part of this appropriation or other tribal funds shall be used for the acquisition of land or water rights subject to local taxation within the States of Nevada, Oregon, Washington, and Wyoming, either inside or outside the boundaries of existing Indian reservations."

Mr. JENSEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. JENSEN moves that the House recede from its disagreement to the amendment of the Senate numbered 20, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert: "Provided, however, That no part of this appropriation or other tribal funds shall be used for the acquisition of land or water rights within the States of Nevada, Oregon, Washington, and Wyoming, either inside or outside the boundaries of existing Indian reservations, if such acquisition results in the property being exempted from local taxation."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 25: Page 14, line 2, insert the following:

"not to exceed \$680,000 shall be available toward the emergency rehabilitation of the Dalton Gardens irrigation project, Idaho to be repaid in full under conditions satisfactory to the Secretary of the Interior: *Provided further, That.*"

Mr. JENSEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 26: Page 14, line 6, insert: "not to exceed \$222,000 shall be available toward the emergency rehabilitation of the Avondale irrigation project, Idaho, to be repaid in full under conditions satisfactory to the Secretary of the Interior: *Provided further, That.*"

Mr. JENSEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. JENSEN moves that the House recede from its disagreement to the amendment of the Senate numbered 26, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert: "not to exceed \$222,000 shall be available toward the emergency rehabilitation of the Avondale irrigation project, Idaho, to be repaid in full under conditions satisfactory to the Secretary of the Interior: *Provided further, That* the Bureau of Reclamation is authorized to expend not to exceed \$300,000 for emergency flood protective work and minor completion work on the irrigation system of the Buford-Trenton project of which the portion thereof found by the Sec-

retary to be properly allocable to irrigation pursuant to allocations to be made under section 7 (b) of the Reclamation Project Act of 1939 shall be repaid under terms satisfactory to the Secretary and to the water users: *Provided further, That.*"

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 27. Page 14, line 10, insert "not to exceed \$1 million of the amount appropriated herein for the Missouri River Basin project shall be nonreimbursable representing that portion of the cost of Pactola Dam allocated to furnishing a water supply for the Ellsworth Air Force Base: *Provided further, That.*"

Mr. JENSEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 29. Page 16, line 17, insert "or (b) that the successful irrigability of those lands and their susceptibility to sustain production of agricultural crops by means of irrigation has been demonstrated in practice:"

Mr. JENSEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. JENSEN moves that the House recede from its disagreement to the amendment of the Senate numbered 29, and concur therein with an amendment as follows: Insert the language proposed by the Senate with the following amendment: In line 1 of said amendment strike out "(b)."

The motion was agreed to.

The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 42. Page 27, line 15, insert: "The Secretary of the Interior shall hereafter report in detail all proposed awards of concession leases and contracts, including renewals thereof, sixty days before such awards are made, to the President of the Senate and Speaker of the House of Representatives for transmission to the appropriate committees."

Mr. JENSEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 47. Page 29, line 13, insert "leasing and management of lands for the protection of the Florida Key deer;"

Mr. JENSEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 51. Page 33, line 6, insert:

"TRUST TERRITORY OF THE PACIFIC ISLANDS

"For expenses necessary for the Department of the Interior in administration of

the Trust Territory of the Pacific Islands pursuant to the trusteeship agreement approved by Public Law 204, 80th Congress, including the expenses of the High Commissioner of the Trust Territory of the Pacific Islands; compensation and expenses of the judiciary of the Trust Territory of the Pacific Islands; grants to the Trust Territory of the Pacific Islands in addition to local revenues, for support of governmental functions; \$4 million: *Provided, That* all financial transactions of the Trust Territory, including such transactions of all agencies or instrumentalities established or utilized by such trust territory, shall be audited by the General Accounting Office in accordance with the provisions of the Budget and Accounting Act, 1921 (42 Stat. 23), as amended, and the Accounting and Auditing Act of 1950 (64 Stat. 34): *Provided further, That* the government of the Trust Territory of the Pacific Islands is authorized to make purchases through the General Services Administration: *Provided further, That* appropriations available for the administration of the Trust Territory of the Pacific Islands, may be expended for the purchase, charter, maintenance, and operation of aircraft and surface vessels for official purposes and for commercial transportation purposes found by the Secretary to be necessary in carrying out the provisions of article 6 (2) of the trusteeship agreement approved by Public Law 204, 80th Congress: *Provided further, That* the succession of the Island Trading Company is hereby extended to December 31, 1956, and the time within which the amount of the reserve for Navy subsidies shall be paid into the Treasury as miscellaneous receipts, as required by the Interior Department Appropriation Act, 1953, is hereby extended to the said date."

Mr. JENSEN. I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. JENSEN moves that the House recede from its disagreement to the amendment of the Senate No. 51, and concur therein with an amendment, as follows: Change "December 31, 1956," where it appears in said amendment to "December 31, 1954," and change the period at the end of the amendment to a colon and add the following: "*Provided further, That* after June 30, 1954, no funds appropriated by this or any other act and no funds which are available or which may become available from any source whatever shall be used for administration of the Trust Territory of the Pacific Islands, except as may be specifically authorized by law: *Provided further, That* no new activity requiring expenditures of Federal funds shall be initiated without specific prior approval of Congress."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 57: Page 38, line 21, after the word "for" insert the following: "services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a) when authorized by the Secretary, at rates not to exceed \$50 per diem for individuals."

Mr. JENSEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. JENSEN moves that the House recede from its disagreement to the amendment of the Senate numbered 57, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert "services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 5a) when authorized by the Secretary, at rates

not to exceed \$100 per diem for individuals, and in total amount not to exceed \$250,000;"

The motion was agreed to.

By unanimous consent, a motion to reconsider the various votes was laid on the table.

AMENDING THE ACT OF CONGRESS APPROVED MARCH 4, 1915

Mr. MILLER of Nebraska. Mr. Speaker, I call up the conference report on the bill (H. R. 1802) amending the act of Congress, approved March 4, 1915, as amended, and I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 24, 1953.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

SPECIAL ORDER GRANTED

Mr. PATMAN asked and was given permission to address the House today for 10 minutes, following the legislative business and any special orders heretofore entered.

LEAVE OF ABSENCE

Mr. AUCHINCLOSS. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. HAND] may be excused for the balance of the week on account of personal illness.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

SMALL BUSINESS ACT OF 1953—RE- CONSTRUCTION FINANCE CORPO- RATION LIQUIDATION ACT

Mr. WOLCOTT. Mr. Speaker, I call up the conference report on the bill (H. R. 514) to create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise, and I ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 24, 1953.)

The SPEAKER. The gentleman from Michigan [Mr. WOLCOTT] is recognized for 1 hour.

Mr. WOLCOTT. Mr. Speaker, I yield 10 minutes to the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Speaker, I think we all realize the importance of stimulating small business which is essential to our national economy and the prosperity of the people. There is one issue to be decided in the motion to recommit the conference report, and that is whether the Reconstruction Finance Corporation will be terminated 60 days after this act becomes effective, or will be allowed to live its allotted time under the law to June 30, 1954. During this time we can consider according to legislative practices and according to the orderly procedure of the House whether or not this should be done.

Title I of this act was incorporated in the Senate. It is the portion of the bill or the conference report that destroys the RFC almost immediately. The House had no opportunity to consider that amendment; it was never referred to the Banking and Currency Committee of the House; it was never reported; it was never considered. The Senate adopted the amendment and the majority of the House conferees accepted it.

This bill professes to be a bill to stimulate small business; it professes to create an independent agency. The policy board, those who actually control the Administration, are the Secretary of the Treasury, the Secretary of Commerce, and the Administrator. While it says in the act that it is an independent agency, as a matter of fact it has no independence because it is absolutely controlled by two members of the Cabinet. They are able men, very just men, I have no doubt, but neither of them has ever been associated with small business and there is no mandate that anyone associated with small business shall have anything to do with the management of this corporation.

The RFC has been criticized, but during all the years I think it has rendered a service which commends itself to the full confidence of the American people.

I was here when it was created in 1932. At that time we were in the very depths of a depression that threatened the economy, even the existence of our Government. Men were in poverty, work could not be found. The railroads were in trouble, the banks were in trouble, the insurance companies were in trouble. The savings of the people were threatened. The necessary means of transportation were about to collapse because all of these great institutions were in such financial difficulty their future existence was threatened.

The Reconstruction Finance Corporation made loans to the railroads, it made loans to the insurance companies. It put them on their feet so they could function.

After the bank holiday it bought the capital notes and preferred stock of the banks which furnished them the necessary capital to again safely engage in the banking business. It did more to reestablish confidence and prosperity than any other agency of Government we have ever created.

This corporation is an artificial person created by law. It has many of the attributes of a matured person. It has

the right to sue and be sued; it has the right to contract and be contracted with, and I think it has the right to live out its allotted life as long as it is rendering essential functions. It is not a very revolutionary proceeding to let this corporation live long enough so we can by orderly procedure see whether we want to continue it or not.

We have not yet had an opportunity to discover what the new agency, the Small Business Administration, will accomplish. We authorize this new agency \$150 million for loans, \$100 million which may be used to acquire contracts and subcontracts and distribute them, and \$25 million may be used for disaster loans. It will be necessary for whatever sums the new agency will need to be appropriated to it by the Congress. How this agency will perform nobody knows.

The Reconstruction Finance Corporation has had over 20 years of experience with all character of loans, including loans to railroads, loans to banks, loans to insurance companies and loans to municipalities. When the securities of municipalities could not be sold advantageously the RFC has purchased those securities and eventually it has not lost money; on the contrary it has made immense profit for the Government. It has made disaster loans by the direction of Congress that have helped our people everywhere when they were in distress. Its work generally has been good. We have heard a lot of little criticisms, but the criticisms were not of the people who managed it. The criticisms largely resulted from credulous businessmen employing people who promised to deliver goods they could not deliver. This should not affect the confidence of the people in this corporation. I think it is entitled to your consideration before it is exterminated.

Liquidations of corporations are always very expensive and usually result in great losses. The immense assets they have will be sold. It is only required that that sale be advertised when possible, and you know there are some hungry eyes in America that are looking at those securities right now. What they gain the Government will lose. It will be an expensive transaction and one that you should consider before you vote to agree to this conference report.

I am going to offer a motion to recommit; to have the conference report recommitted to the committee of conference with instructions to the managers on the part of the House to insist no disagreement to title I. I hope you will vote for this motion. I think you ought to because of the dignity of the House, because of the position we occupy. You ought to give the Members of this body a chance to examine this corporation, a chance to have this matter considered in the orderly procedural way as provided by the rules of the House, which are fine rules and which have been seasoned by time and experience. I hope that you will not just exterminate this corporation in the manner in which it has been done by the Senate.

Ninety-eight percent of the loans, in number, of the Reconstruction Finance

Corporation have been made to small business. There have been almost \$6 billion in loans since its inception made to business. This is exclusive of the loans that have been made to municipalities, disaster areas, banks, insurance companies, and railroads.

Very often these borrowers are in great need of ready money, money that they cannot get from the ordinary sources. Now we see an increase in interest rates; money is becoming more difficult to obtain. Notwithstanding that prices of consumer goods are rising, farm prices are falling, and there is every evidence that we may need the Reconstruction Finance Corporation before long. As a precaution and as a reassurance that we will be able to meet the conditions that may arise, and no one can tell in this disordered world what they will be, it is certainly not wise at this time to kill the Reconstruction Finance Corporation.

Mr. WOLCOTT. Mr. Speaker, I yield 8 minutes to the gentleman from Georgia [Mr. BROWN].

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Speaker, I rise in support of the motion which is to be offered by the gentleman from Kentucky [Mr. SPENCE] to recommit the conference report on H. R. 5141. Like a substantial portion of this House today, I find myself in an exceeding awkward and embarrassing position. On the one hand, I am 100 percent in favor of title II of the report, which establishes something the small-business men of this country have long justly demanded, namely, a permanent Small Business Administration. Title II is substantially the same as the Small Business Administration bill which has twice passed this body with only token opposition. Its enactment, I believe, will insure the continued growth and development of the independent small-business enterprises so necessary if our free way of life is not to perish.

On the other hand, however, I am unalterably opposed to title I, which summarily liquidates the Reconstruction Finance Corporation. The issue before the House today involves not only the fate of one of the most proven and useful Government agencies, but the orderly legislative process as well. The House has never had an opportunity to pass on this subject. No hearings have been held. No bill has been brought in so this body might work its will in the customary manner. Gentlemen, whatever be your personal views as to the merits of RFC, you cannot successfully challenge me when I declare that to make such a vital decision as we are called upon to make this afternoon, in what is an almost off-the-cuff fashion, is a gross violation of the spirit of the legislative process. A few weeks ago in the case of the Defense Production Act amendments, the other body rejected a conference report containing the Small Business Administration on the grounds that they had not had an opportunity to pass on the matter. That subject was far less serious than what we are asked to approve today without proper consid-

eration. RFC's service to this country entitles it at least to a fair trial.

Mr. Speaker, in 1933, by action of the RFC, the tottering banking structure of the United States was saved, and public confidence restored. Millions of depositors were saved from loss. Millions of dollars of people's money invested in real estate, homes, farms, and business property were saved by RFC's purchase of mortgages during the grim days of the depression. Unfortunate people who were the victims of floods, storms, cyclones, earthquakes, and other disasters were provided the funds for a new start. The railroad-transportation system, upon which this country so vitally depends, was preserved. Hundreds of businesses were saved from bankruptcy, and many others would have been forced out of business had not the RFC moved with speed and intelligence.

In considering the RFC some people unfortunately have tended to emphasize its more spectacular lending activities as witness the time when it saved the large railroads, the insurance companies, and the banks. This may erroneously have left the impression that it is an agency which has functioned only to help big business.

Nothing could be further from the truth, because 90 percent of all the loans that have been made by this agency since it started, have been small-business loans. Ninety percent of the loans have been made not to salvage or to insure invested capital, but made with the idea of creating employment; with the idea of keeping alive the industrial production of this country, both little and big, to furnish jobs for American workmen so that they could produce, not only for their industry, but for the health and welfare of the Nation as well. You know the jobs RFC did during the depression. Perhaps one of the few sources of investment capital that were open not only for private business but for our States and municipalities as well, was the RFC through those troubled times. Dormitories were built across this land of ours. State schools, municipal, farm drainage, and other improvements were put in because the RFC made available this credit at an interest rate that the communities and the public bodies of this Nation could afford to pay.

Mr. Speaker, the prompt and effective action by the RFC during the years of the thirties, without question, enabled the United States to successfully meet the severe tests occasioned by the outbreak of war in 1941.

When World War II broke out, the Congress of the United States determined that the agency of the Government best qualified to carry out many activities connected with the war effort was the RFC. Consequently, broad powers were provided the Corporation, perhaps broader than ever before granted to an agency of this Government. These powers were never abused. The results speak for themselves. The RFC furnished the personnel, the trained organization, the know-how, to administer innumerable subsidiary wartime agencies in an outstanding manner. These included the Defense

Plants Corporations, Metals Reserve Company, Rubber Reserve Company, Defense Supplies Corporation, Smaller War Plants Corporation, Defense Homes Corporation, and War Damage Corporation. The RFC has indeed proved itself under the most trying circumstances in both depression and war.

Mr. Speaker, there are those who have charged that the RFC is unfair competition for the banks. I should like to remind them that the RFC does not originate loans. All the loans it makes are requests that come, for the most part, to it from small banks.

Before the RFC was established, these small banks, limited under our national banking acts and under the Federal Reserve restrictions, could lend only a certain small percentage of their capital—I believe not more than 20 percent—to any one borrower.

They would have to get the necessary additional financial credit by going with their hat in their hand to Wall Street banks begging and pleading in order to get the necessary credit to make the wheels of industry turn in their own locality.

It was Government regulations that prevented small banks from lending more than a certain percentage of their capital to these small businesses. Yet, because financial power was concentrated in a few great banks of this country, they could say to the small banks "Give us almost all of your profit on the deal or we will not underwrite the loan; we will not participate in the loan."

I am sure, therefore, that the small banks appreciate the service that RFC rendered in the field of small business. Because of the rules governing loans by banks, they are frequently unable to make loans which they might otherwise be perfectly willing to make. RFC has made it possible for these businesses to establish themselves on a sound financial basis. They eventually become the best customers of private banking institutions. The small bankers recognize this. They also know that RFC in its participation program enables the small bank to earn a reasonable profit on its loans which, except for the RFC, would be absorbed by the larger city banks.

Mr. Speaker, I believe that RFC's life should be extended rather than terminated. No business enterprise in this country can survive if denied adequate credit to meet its legitimate needs. We hear on every hand that the banks are in better condition than ever before in our history. But the banks simply are not making the loans necessary for the survival of many small business enterprises. This is due primarily to the hard money policy now being pursued. Small-business men are thus being denied the opportunity to engage in gainful occupation for lack of adequate credit from private banking channels, and the demand for that credit is now greater than ever before.

Finally, Mr. Speaker, I believe it would be exceedingly unwise to kill the RFC at this time. I do not wish to be a pessimist but there are many economic storm warnings flying—commodity prices are down, housing starts are down, the back-

log of orders for machine tools has been greatly reduced, interest rates are rising. We all know what happened the last time these same things took place. I am hopeful. I believe that our economy is basically strong and healthy. But why cancel our insurance policy. It has given us both profit and protection. RFC's peacetime lending operations have made a profit of over \$600 million. I say let us be sensible and continue the RFC.

Mr. WOLCOTT. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

RECOMMIT TO CONTINUE RFC UNTIL JUNE 30, 1954, WITHOUT VOTING AGAINST SMALL BUSINESS ADMINISTRATION BILL

Mr. PATMAN. Mr. Speaker, when the previous question shall have been ordered, the gentleman from Kentucky [Mr. SPENCE] will move to recommit this conference report to the Committee of Conference with instructions to the managers on the part of the House to insist upon disagreement to the Senate amendment to title I of the bill. I think a Member may safely vote for that. It is merely asking, in recommitting to the conference, to take out the part relating to the death sentence, the premature death penalty on the RFC. RFC will normally die June 30, 1954. Many Members of Congress have been disturbed about the efforts for the repeal of the RFC in advance of its expiration date. To all Members of the House who have talked to me about it, I have told them that when the question comes up before the Banking and Currency Committee, and it will have to come before our committee before anything can be done, they will be given an opportunity to be heard.

Members of the House who want to be heard on this question expected to be heard before our committee. Normally that is what would have happened. But in this case our committee is being bypassed. The House of Representatives is being bypassed. It is not adequate consideration, I submit to you.

Let me tell you how it happened. We passed the Hill bill for the Small Business Administration. After it was passed here we put it in the Defense Production Act as an amendment. The other body refused to take it. They ridiculed it. They said, "We have not had any hearings on the Hill bill. We cannot afford to accept it." And the Senate recommitting it because no hearings had been held on that bill. It was therefore cut out of the Defense Production Act.

Then the Senate took up the Thye bill and the Hill bill—the Small Business Administration bill—and not only reported it out for a 2-year period but also said that the RFC would be liquidated in 60 days. That is something extra they put on, and they expect us to take that. Now the shoe is on the other foot. They refused to take the Small Business Administration bill because they had no hearings. Now they ask us to take the liquidation of RFC when we have had

no hearings of any kind on it. So, if we recommit this bill to the conference, unquestionably the other body will agree to strike out that part and let the RFC go ahead until June 30, 1954. If it is not extended before that time, it will automatically expire, but it will not prematurely give it the death sentence.

This Small Business Administration bill is a new agency. They will have to have a new organization all over the United States. It will take 6 months or a year to get that organization to functioning. All during that time the small-business man who wants some kind of an accommodation which this organization can grant him later on will be unable to get it because they have not yet been organized long enough to be able to function properly. So, if you will order this sent back to the conference and we get the conferees of the Senate to agree to cut out the RFC part, and let the RFC continue until June 30 next year, then the RFC can hold this little agency by the hand, so to speak, and help teach them the ways of small-business assistance and be of great help to them during that time. It is a natural to help an agency to help the small-business interests, because this little agency will be new, inexperienced; it will not have agencies over the country to look after the small-business man, and they will be in a position where they have been in the past, where they are given the runaround.

I do not care how sincere and honest in their intentions the administrators of this Small Business Administration are, they will not have had the experience. They will not have experienced people around them. They will not have that backlog of experience to draw on that the RFC has had, and that will be destroyed if you adopt this report and let the RFC be liquidated in 60 days.

I appeal to you as sincere friends of the small-business man, the independent businessman; if you want to do something to help that little man, do not send him out on an uncharted sea with a new agency that has not yet even been created, that does not have a desk or an office, not even in Washington, D. C.; a new agency, starting from scratch, and which will have to expand all over the United States. Do not turn these little-business men over to that new agency without any help of any kind, but demand, by voting to send this back to conference, that the RFC continue in business until at least June 30 next year, so we can use that great backlog of experience and knowledge and know-how in helping the small-business man throughout the length and breadth of this country. This is a natural, to have the RFC to look after this little agency until it gets on its feet. I think the House has a right to feel that it has not been treated with proper respect in this matter.

I respectfully say that. I know it is not the fault of our distinguished chairman, the gentleman from Michigan [Mr. Wolcott]. This thing came about in a way probably that could not be helped from his standpoint, but taking it from the standpoint of the House we have 435

Members in this House, everyone of them elected by the people. It is the one body that no other person can sit in except a duly elected representative of the people. No governor ever appointed a Member of this body; a Member of this body was never appointed; every Member of this body has always been a duly elected representative of the people of his district or his State if Congressman at Large. They are all elected here fresh from the people. That is the reason the Constitution says there are certain bills that must originate in the House. Why? The body that is close to the people, every Member is elected by the people, and they must be elected every 2 years, which is a good thing. They have to go back and submit their record and get the approval of their record before they can get reelected for 2 more years, and they are closer to the people than any other body.

How have they functioned on this bill? They have not been allowed to function; they have not been allowed to cast their vote like they believe they should have cast it for the people they have the honor to represent; certainly not. Through parliamentary rules, no chicanery, no tricks—I am not charging that anybody is trying to do anybody wrong, but it just happens through parliamentary procedure that the Members of this House have been detoured and the Members of the House have not had an opportunity to truly express their genuine views on this particular question. We did not have any hearings. I told Members we would have hearings, and I know other Members who told Members the same thing, "Yes; do not bother about RFC until there is a bill introduced to give it an untimely death." I assured Members, and I know others did the same thing, that the bill would be introduced, that it would go to our Committee on Banking and Currency, that our great chairman would have hearings on the bill and every Member would be allowed to go before the committee and give his views; that the committee would go over the bill word by word, sentence by sentence, every comma, every period would be considered, and we would go into it very thoroughly before bringing that bill back to the floor of the House. But it did not happen. On this bill the House has been detoured and certainly it is no blame to the House. I think that for that reason alone the Members of this House should vote to recommit this bill, strike out RFC, and have hearings before the Banking and Currency Committee.

The CONGRESSIONAL RECORD of June 5, 1953, contains a full discussion of the RFC and exposes some of its enemies.

For legislative history I am inserting herewith additional information concerning the RFC that is to be destroyed by this bill.

I ask you to vote for that motion.

FACTS

The following are pertinent facts concerning the RFC lending activities:

1. As of December 31, 1952, the RFC had 7,697 business loans outstanding. This figure includes loans under the Reconstruction Finance Corporation Act and the Defense

Production Act, but does not include loans to railroads, financial institutions, political subdivisions, catastrophe victims, VA guaranteed or FHA insured mortgages, or loans to foreign governments.

2. Including the 7,697 business loans, the RFC had outstanding, as of December 31, 1952, a total of loans and securities amounting to 27,368.

3. Of the total outstanding business loans, 93 percent are for amounts less than \$100,000 each.

4. Due to the RFC loan policy, emphasis upon public interest as a requirement for loans and due to the widespread prosperity throughout the economy, the volume of new loans made by the RFC has reduced sharply during the past 2 years.

5. There have been private bank participations in almost 30 percent of the number of loans authorized during January and February 1953.

6. Another breakdown of the number of business loans outstanding shows that 97 percent were authorized under section 4 (a) of the RFC Act and 3 percent under sections 714 and 302 of the Defense Production Act.

7. During the fiscal year 1952, the RFC received approximately 48,000 inquiries for financial assistance and information. Fourteen percent of these inquiries resulted in loan applications.

8. Of the 3,851 loans made during fiscal year 1952, approximately 80 percent of the number were to catastrophe victims, approximately 20 percent in number were business loans, and less than one-half of 1 percent were public agency and civil defense loans.

9. Of the disaster loans during fiscal year 1952, 2,121 were for the restoration of homes and 934 for the restoration of businesses. Eighty percent of these loans were for less than \$5,000.

ANOTHER ASSIST FROM THE RFC

Those who oppose the RFC are undoubtedly aware of the fact that they are acting against the best interests of the small-business man and the victims of floods, windstorms, and earthquakes. But, do they also know that their opposition to the RFC enables them to go on record against the many small communities throughout the country who would not have water or sewerage systems without the financial assistance of the RFC? Other areas would not have drainage and irrigation systems without RFC loans.

Many a community in the United States has needed funds to enable it to get rid of its antiquated and often disease-spreading water systems and to protect its population by adequate sewage-disposal arrangement. Yet, private financing has not been available. Hence, we find another public service performed efficiently and without fanfare by the RFC.

In addition to providing loan authority to the RFC for assisting business enterprises, the Congress authorized the making of loans to public agencies, such as States, counties, municipalities, public authorities, etc., to help finance such projects as waterworks, sewer systems, transportation facilities, drainage, and irrigation projects, etc. Of course, just as in the case of business loans, the RFC cannot and does not make any such loans unless financial assistance is not available from other sources on reasonable terms.

In carrying out its public-agency responsibilities, the RFC has purchased 6,219 bond issues in an amount exceeding \$1½ billion. The majority of the issues have been for less than \$100,000, although a few have been for major projects which also would have been delayed for many years if it hadn't been for the RFC. Many of you are undoubtedly aware of the fact that the Corporation financed the construction of the San Francisco-Oakland Bay Bridge, the Pennsylvania

Turnpike, New York City's Queens-Midtown and Brooklyn-Battery Tunnels, Philadelphia's gas system and Los Angeles' water system. But, how many realize how much the health, sanitation and living conditions of a widely scattered cross section of our country's population have been improved immeasurably by loans from the same source. And this service is continuing right now.

In addition to the aid to the people in these small communities, the RFC's public agency lending has been of great advantage to private investors by creating sound bond issues of proven merit. The facts are that private investors will rarely finance a project without a proven earnings record—actual evidence that the revenues will service the loan. Once, however, such a record is established—and it has been in practically every public agency loan made by the RFC—then the issues are sold to private investors or back to the issuers. The RFC gets the project underway, holds the bonds for "seasoning" and then sells them usually at par or better.

Note that out of the 6,219 such investments the RFC has sold in an orderly manner all except 274 issues in the amount of \$25 million. An additional 24 issues in the amount of \$43 million have been authorized but have not been fully disbursed as construction of the projects progresses.

The Public Agency loan activity of the RFC has been successful—both as to public purposes—and as to profitability. It has aided the public when private funds were not available to meet public needs—and it has done so at a profit to the Government.

Maybe it doesn't seem important to some of us who are accustomed to take their water supply or their sewerage system for granted that some of the people—fine citizens, too—don't have such essentials. Those who don't think this is important will, of course, not be impressed with the fine public service performed by the RFC's trained staff who do this job.

I, however, rate this public agency lending job of the RFC side-by-side with the fine work the RFC does for disaster victims and small-business men.

SMALL BUSINESS MUST BE ALERT

The silhouette of a Trojan horse has just appeared on the horizon. At least, if we can believe what has been printed in such journals as the New York Times and the Wall Street Journal, a package deal for abolishing the Reconstruction Finance Corporation has been wheeled up before the struggling citadel of small business.

The initial attack by those opposed to small business was relatively clear-cut. It was simply "Let's abolish the RFC." True, this proposition was falsely labeled with the popular brand "economy." But anyone who cares to examine the facts knows (1) the RFC brings in a net revenue to the Treasury each year, and (2) the assets of the RFC could not be liquidated quickly without great loss of the public's money.

As a result, the simple proposal of abolishment was readily recognized for what it is, and hence, began to lose some of its political flavor. It is the type of situation in which the opponents of the RFC were too readily recognized as being either ignorant of the facts or against small business.

Now, as I stated before, a Trojan horse has appeared. In the guise of a peaceful and friendly gesture, it seems that consideration is being given to a brandnew agency—just to help small business. Of course, the plan calls for abolishing the RFC and the SDPA. But its proponents assure us that the new agency will be even better.

From the press reports, it isn't clear whether the new agency is to be allowed to make new loans or whether this impor-

tant function is to be handled by the Federal Reserve banks. Let me just point out that the Federal Reserve banks as well as their members can make loans to small business now. What reason do we have to expect them to change their attitude or their practices?

You might be interested to know that the RFC used to rely upon the Federal Reserve banks to perform certain necessary fiscal services for them. However, in the interest of economy and efficiency, this practice was abandoned. The House Appropriations Committee in its report on the general appropriation bill of 1951 gave recognition to the economy advantages of having the RFC handle these services itself and went on to state that "the committee believes (these services) can just as well be handled by the Reconstruction Finance Corporation" as by the Federal Reserve Bank System.

If we all favor making sound loans to small-business men, who cannot get the money from private sources, how can any of us favor the elimination of an agency which has performed such a valuable service over several decades and which is able to continue to do that job or anything else that Congress sees fit to have it do for small business. If the new package is just a change in name, then it is a useless and expensive deception. To thousands of businessmen and disaster victims in the United States, the name Reconstruction Finance Corporation is a highly respected label. They were saved by an agency by that name. How many big and little banks in the United States can we name who weren't saved by the RFC during the depression, how many disaster victims have been restored to decent living and business conditions, and how many able small-business men have had an opportunity to perform important roles in the defense effort—all because of the services of the Reconstruction Finance Corporation.

I am not opposed to change when it promises democratic progress. But, I am opposed to deception and confusion wrapped in a fancy package to the disadvantage of small business.

WHAT DOES THE RFC DO TO AID DISASTER VICTIMS?

When Mother Nature gets overly exuberant or careless with her great strength, even the great wealth and power of this Nation cannot prevent innocent people from suffering damage to their homes, their churches, their business establishments, and sometimes to their lives. Earthquakes, floods, big winds (other than those which sometimes originate in this great forum) do strike and do destroy and the result is an immediate need for help.

A lot of attention should be given and has occasionally been received by the RFC for its loans to small-business men to enable them to operate and compete and survive under normal circumstances. However, special attention should likewise be given to what the RFC does under the abnormal—I might say the catastrophic—circumstances which find areas of our country bleeding and wounded from a sudden visitation of Mother Nature's might.

In such disasters, funds are needed promptly to repair or rebuild homes and to put businesses back into productive operation. The RFC moves in with field teams of sympathetic experts, with their scissors ready for cutting any redtape which might be in the way to making loans to those who need such help. Most Americans don't want charity. They want to pay back from their own productivity what has been made available in times of need. The RFC, cooperating fully with the private banks in these disaster areas, authorizes loans to these citi-

zens who suddenly find themselves in financial trouble through no fault of their own.

One might well ask "Why don't the local banks advance money to their suffering fellow townsmen?" "Why is it necessary for the RFC to step in?" It would be only fair to point out that the local banks do help in many cases, but frequently because of the type of risk or because of loan limitations or for other reasons they cannot make loans to the sufferers. Sometimes they might be able to help but don't. Anyway, the RFC is there to do what is needed, within the range of reasonable protection of the public's money and with a minimum of delay.

During fiscal year 1952, 80 percent of the number of loans made by the RFC were to disaster victims. Most of this number were for the restoration of homes. These loans were generally not big loans in dollars and cents. In fact, over three-quarters of them were for \$5,000 or less. But, how big and welcome they were to the Americans who received them.

It should be a source of great satisfaction to the people in this country to know that there exists, and will continue to exist, a sympathetic, alert, and businesslike agency of their Government ready, willing, and able to move in, without fanfare or other dramatics, to help out the victims of disasters.

DO ALL GOVERNMENT AGENCIES COST THE TAX-PAYER MONEY?

Some of my colleagues, who also are honestly in favor of giving small business a fair financial break, have agreed with me that the RFC performs a very useful role in our country. But, some of them say: "We have to cut expenses. We have to give the taxpayer a break too. So maybe we can't afford the RFC right now."

Well, I was delighted to see a little item in the newspaper the other day—not pleased that it got such a small amount of space—but pleased with the facts in the article. It announced that Harry McDonald, Administrator of the RFC, had handed a check for \$28 million to Secretary of the Treasury Humphrey.

Even these days that's not "chicken feed." And, what is so impressive, gentlemen, is the direction the money went. To not from the United States Treasury.

By the way, that is not all the money the RFC has paid to the United States Treasury since July 1, 1952—during this fiscal year. Altogether, this agency which gets no money from the taxpayer and pays interest on the money it borrows, turned in to the Treasury \$102,784,000 on its activities.

Compare that record with other agencies of the Government and compare the RFC's performance too. And, gentleman, it looks to me as if we have found a bright spot—a pretty lonesome one, it's true—but nevertheless a bright star in the overhanging darkness of deficits, high taxes, and heavy spending habits.

The RFC doesn't have to make money to justify its existence. Just ask the small-business men, the small banks, the thousands of victims of floods, storms, and earthquakes. But, if it can do what it does and still turn money into the Treasury each year, I for one certainly will not complain.

HOW DOES THE RFC AID SMALL BUSINESS?

Small business—small, private, competitive business—is the backbone of a democratic and capitalistic economy. In other words, it is essential to our way of living.

That is an emphatic statement, but I dare say that none here will disagree with it. Even in the current atmosphere everyone is for small business. At least they are until it comes to the point of doing something to help it survive and grow. Then some of small business's loudest supporters suddenly have big business elsewhere and don't stay to be counted.

I will cherish your attention for a few moments while I talk briefly about an institution in this country that does help small business and can be, if it is permitted, even more effective in this respect than it is today. I refer to the Reconstruction Finance Corporation. Surely if it can be demonstrated that the RFC does, in fact, give assistance to those energetic and able businessmen who happen to be small today, then we have established an invulnerable case for the continuation of that Government agency. It may come as a great surprise to some people, but all of our great industrial giants were small business once and, incidentally, most of them got Government assistance too, through tariffs, tax advantages, land grants, etc. However, today we are talking about sound, businesslike assistance, for each small-business man who merits it is also required to repay it with interest.

Although the RFC has made a few large loans to both small- and medium-size businesses, it is a fact that over a period of time approximately 90 percent of all of the RFC business loans are for amounts less than \$100,000 each.

By making credit available through the RFC on sound credit terms, small-business men have been aided in converting from less essential to urgently needed defense activities. Keep in mind that in each instance ample evidence was assembled prior to making such loans that private funds were not otherwise available on reasonable terms. I will note, however, that the RFC has made funds available to legitimate business which might have been otherwise available from loan sharks and others of that breed. But I, for one, will never come to the point of favoring an action which would push the small-business man into the clutches of the loan shark.

Strategically located throughout the United States, there are trained, honest, experienced staffs of RFC personnel who consult with the small-business man for the purpose of giving him useful advice and suggestions as to how he can put his business on a sounder financial basis. A very substantial amount of these businessmen who consult with the RFC personnel do not get loans. In fact, many of them are able then to reset their financial management and put themselves in such conditions that they are able to obtain private financing through appropriate private channels. However, whether or not the small-business man ultimately obtains a loan from the RFC, he has obtained a useful service which large businesses can readily afford themselves.

Although I have been speaking of primarily the small manufacturer and the small merchant, I might point out that a good many of the banks in the United States are also small business. Through the method of participation arrangements, the RFC enables many small banks to take as much of the loan as they are able with the RFC taking up only the remainder. I know that some of you come from parts of the country where most of the banking business is not done by institutions which can be called small, but there are other energetically growing parts of our country which are indeed short of credit for legitimate business.

It seems to me that the RFC is a Government agency which, without cost to the taxpayer and without attempting to take over anything private business will handle, stands as a sound monument to the farsightedness and thoughtfulness of those who believe that small business is the backbone of our prosperous economy.

IS IT AN ECONOMY TO CLOSE THE RFC

There seems to be a lot of conversation about economy in government these days—and I happen to be one who favors translating the noise into action. But, I mean real economy, not the type of thing which simply

makes a showing on the books—and really is something else in disguise. The statements favoring the abolishment of the RFC as an economy measure are the type of something else I'm referring to—and the disguise is pretty thin—almost transparent.

The RFC gets no appropriation from the Congress to pay its employees, its rent on its offices, or any other of its operating expenses. In addition, it pays interest on the money it borrows from the Treasury for its loans to private businesses, to municipalities, to disaster victims, etc.

In other words—and this is sufficiently rare to be almost startling—the RFC pays its own way and pays a net return back to the United States Treasury. Gentlemen, the RFC is an earner, not just in the sense of public benefit but also in actual dollars and cents to the United States Treasury.

It has been suggested by some with a very short-run viewpoint that if the RFC stopped lending money and just started a quick liquidation of the loans it has made, there would be a bigger dollar return to the Government. That is undoubtedly true in the sense that some money would be coming in and none, other than the liquidation expenses, would be going out. However, the RFC makes loans, not gifts. Keep that in mind. The public's money has been loaned out to borrowers who couldn't get the funds from private sources. Rapid liquidation of credits which don't have a good private market would have to take place at a substantial discount. As a consequence, there might be a fancy book showing of dollars coming in during a short period of time but only at a big loss of the public's money. These loans are set up to pay out as quickly as the anticipated earnings of the borrowers will allow. And the RFC record on repayment is quite impressive. A speedup liquidation would ruin some companies, break faith with citizens who contracted with the Government, and lose some of the public's money.

If that is economy, then I've been in favor of something else for these many years, and just called it by the wrong name. However, whatever you call it, it certainly is poor business.

When I said the economy disguise is thin, I meant just that. Why not close the Post Office? It loses money and some of the offices would sell for pretty good figures. The answer is obvious. The service is essential and should be continued whether or not it costs money. Turning again to the RFC, those advocating its closing as an economy measure were just talking popular language, even though misleading. What they actually mean is that they don't like the public service the RFC is performing for those useful citizens who just don't happen to have any other fair and legal way of getting the money they need. They don't like it even if it does make money. But, they don't want to come right out and tell the small-business men, the small banks, the disaster victims that, so they call it an economy measure.

DOES THE RFC COMPETE WITH PRIVATE BANKS?

There seems to be a lot of emotion mixed with misinformation regarding the question of whether or not the RFC should be abolished. Of course, there are a few people who favor its elimination in a thoroughly cold-blooded manner, as they realize how the very existence of the RFC helps the small-business man; helps maintain the very essence of private capitalism.

I can understand—even though I cannot share their point of view—why a few large banks might object to the continuation of a Government banking institution which aids struggling small-business men, whom they would rather see become statistics on the business obituary page.

The only way in which the RFC competes with private banking is clear to all those

who care to see. I refer to the fact that the RFC gives assistance on a business basis to energetic and able businessmen whom the private banks are either unwilling or unable to help. If large companies, whether they be banks or not, prefer to make it increasingly difficult for small business to grow or even to exist, then in a sense the RFC is an obstacle in their way to their goal. On the football field, we would liken the RFC to the safetyman who is often the last hindrance to a powerful team moving the ball roughshod over its weaker opponents.

On the other hand, the RFC does not compete with private financial institutions in the sense that they try to take any lending business away from such private institutions. In fact, quite the contrary is true. Every businessman who even comes in or writes in to talk about a loan is advised by the RFC to go first to its bank or banks and see if the funds cannot be obtained there. It isn't enough for the would-be borrower to say that he can't get the money from private banks. The RFC demands convincing evidence of the nonavailability of credit on reasonable terms before it will even consider making a loan.

Even when the RFC is convinced that the needed funds are not available without government assistance, an effort is made to see if the private bank or banks won't take a part of the loan with the RFC taking the other part. This participation arrangement is an aid to small banks, who can't take the whole loan but who would like to get some of the borrower's business. Certainly, that is a far cry from competition with private financial institutions.

Understand that this practice of not competing with private banks is not just a policy of the RFC, which might change with changes in the administration of the Corporation. It is written right into the law. The Congress saw the possibilities of the Government entering the lending field in competition with private lenders and plugged the hole before it ever developed.

Anytime that the RFC does take up a loan, which might have been made under reasonable terms by a private bank, it is an instance of a weakness in the RFC's administration—and everyone can make mistakes. But, and let me emphasize this, it is not an indictment of the existence of the Government lending institution or of the purposes for which such institution has been established.

I feel it to be only fair to point out at this time that, to the best of my knowledge and I've kept up pretty well on the matter, the RFC has been well administered in this respect by STUART SYMINGTON, now Senator from that great State of Missouri, and by its present Administrator, Harry McDonald.

RFC: FACTS NOT FANTASY

It is high time for every Member of this House to have the facts about the Reconstruction Finance Corporation. There is talk of killing it outright, and there is talk of burying it in some department or other so that it might suffocate slowly.

Gentlemen, there are a lot of small-business men in this great country of ours—and that is one of the major reasons why it is great. Private competitive enterprise is basic to progress in the democratic way, and anything which stifles small business undermines the very foundation of democracy. As I say, there are a lot of small-business men, and yet those of us who recognize their great importance must pause to wonder why we have to fight to retain an agency which helps but does not subsidize the small-business man.

There are a lot of farmers, too, and many of them are small. But needed financial assistance is provided the farmer without strange cries and much viewing with alarm. Please don't misunderstand me. I am not suggesting that the Commodity Credit provi-

sion or other aids to farmers be changed. Rather, I am suggesting that fairness alone would prompt you to recognize the need for the Reconstruction Finance Corporation for small-business men.

Some of the newspapers have printed various arguments against the RFC. For instance, we hear various highly placed individuals say that closing the RFC will help balance the budget—or will lessen the burden on the taxpayer—or will eliminate competition with private banks—or will eliminate raids on the United States Treasury.

Gentlemen, what are the facts? I think we should all look at them very carefully.

The RFC receives no appropriation from the Congress and does not in any way contribute to unbalancing the budget or to increasing the tax burden. Quite the contrary. As a successful going concern, the RFC brings net revenues into the United States Treasury. Please note, gentlemen, that I said net revenues into the Treasury. When any Government agency brings money into the Treasury—not out of it—we have what should be major news. But this fact is hardly noticeable in the papers and isn't even mentioned often here in the Congress. Actually, the big news space goes to those individuals who suggest abolishing the RFC as a part of an economy drive. Such statements are either dishonest or bred of ignorance.

Since the RFC was started about 20 years ago, it has turned into the United States Treasury, from its lending activities alone, over \$1 billion through the retirement of its stock, the payment of dividends, and the interest on its borrowings. This flow into the Treasury has been after the RFC has paid out of its own revenues—earned from its lending business—all its salaries, rent on its buildings, etc.

In addition to its lending activities, the RFC has certain productive responsibilities in tin, synthetic rubber, and abaca. During the fiscal year 1952, the RFC paid into the Treasury over \$215 million from its production and lending business. During the first 6 months of fiscal year 1953, it has paid in approximately \$103 million. Keep in mind, gentlemen, those payments have been made after the Corporation has paid its expenses.

One does not have to know a lot about business finance to realize what would happen to the RFC lending assets and income, if the lending function were stopped and there were a forced sale of these assets. Since the people who have made such an impractical suggestion might know more about a big business, I suggest that they visualize what would happen if one of the country's largest private banks were forced to cease its business and dump all its loans and securities on the market.

Since the RFC began its operations, it has returned a net revenue on its lending operations every year. It doesn't cost the taxpayer any money. In fact, the whole argument about the economy reason for closing the RFC is not true and should here and now be branded for what it is.

Let's look at some more facts. Ninety-three percent of all the business loans which the RFC has outstanding are for amounts less than \$100,000 each. We have heard of a few large loans, but they are exceptions and must be judged on their individual merits. However, the fact is that the RFC does make small loans to small business, and here is another matter which seldom gets sufficient attention. The RFC makes loans to disaster victims. During 1952 almost 80 percent of the number of loans were to victims of floods, earthquakes, tornadoes, etc. More than 75 percent of these loans were for less than \$5,000 each and yet the RFC was the only financial institution in the country which was ready and able to step in and give this assistance when it was needed. I want to emphasize that these were loans and not gifts or grants.

As of January 1, 1953, the RFC had 27,368 loans and securities outstanding in the approximate amount of \$825 million. This includes loans made under the Defense Production Act, as well as the RFC Act, and covers business loans, disaster loans, loans to public agencies, mortgages, etc.

As an indication of the most recent lending activities of the RFC, I note that during fiscal 1952, the Corporation had 40,000 inquiries for financial assistance and made 3,851 loans for a total of \$378 million. These loans were primarily small business loans and loans to disaster victims. Seventy-one and one-half percent of the business loans assisted small-business men in obtaining needed facilities and converting to defense activities, while most of the rest was for working capital. A very major portion of all of these business loans enabled small-business men, who would otherwise have had insufficient funds, to participate directly or indirectly in furthering our defense program.

The RFC does not compete with private banks or any other private financial institutions. The RFC does not—in fact, can not legally—make a loan until the private businessman has been refused the needed funds by the banks in his area. In those cases, where the private bank can or will take only part of the loan, the RFC participates with the private bank in taking the rest of it. Approximately 30 percent of all the business loans made by the RFC have been characterized by this cooperative relationship with private banks. Consequently, the RFC not only does not compete with private business but it actually aids many small banks to obtain sound financial business which they might otherwise be unable to handle.

The RFC operates out in the open. Every loan the RFC makes is a matter of public record and is announced in the press. The care with which its staff goes over these loan applications has resulted in an excellent record of repayment and has at the same time enabled many small businessmen to put their finances in order. If we keep in mind that the RFC makes only those loans which the banks won't take, the Corporation's earnings record becomes even more impressive.

In the past, the RFC has made a few bad loans—and what bank hasn't—and has received some merited criticism. I do not condone any mistakes which may have been made by the RFC or any other agency of the Government. But, I want to emphasize this, I do not condemn the agency or overlook its usefulness on any such grounds. I think it is fair to say that no other agency of the Government nor any other private financial institution has a better or cleaner record! Let me say that you do yourselves and small business a severe injustice if you consider a few highly publicized loans as being characteristic of the type of work done by the RFC.

Gentlemen, I suggest that you talk with the small businessmen, the disaster victims, the public-spirited citizens in your respective areas. Find out what they think about the RFC and, at the same time, make certain that they know the facts such as I have outlined here today.

A vote of confidence rather than talk of abolishment is merited. Here is an organization, strictly non-partisan in its staff, continuing to do what it can to help the small businessman, on a business-like basis.

[For immediate release Tuesday, April 28, 1953]

RECONSTRUCTION FINANCE CORPORATION,
Washington.

Administrator Harry A. McDonald stated today, "The RFC should be continued as an essential source of credit for small business and small communities. Prompt and favorable action on this will go far to eliminate the existing uncertainty as to how the Gov-

ernment stands in relation to the thousands of small-business men whose legitimate credit needs are not being met from private sources." He made this statement in his final news conference as head of the Government Agency.

Mr. McDonald then reviewed briefly some of the accomplishments of the RFC during the approximate 14 months in which he was its Administrator. As a preface to this review, he declared, "When the President asked me to transfer from the Chairmanship of the SEC to become Administrator of the RFC, I was a bit uncertain as to what I would find in view of all the publicity concerning that Agency. Actually, I found there a very competent staff, skilled in credit and possessing an understanding of the problems of small business. In addition, I want to mention specifically that it was readily clear to me when I came to the RFC that my predecessor, STUART SYMINGTON, had done a fine job in revitalizing the Corporation."

In his review of RFC activities during his administration, Mr. McDonald pointed out the following:

1. Tin was one of the major problems. Because of the unreasonably high prices which prevailed following the outbreak in Korea, this country had curtailed its tin purchases. In February 1952, the use of tin was under strict controls and allocations and RFC was exclusive importer of tin. RFC stocks of tin metal were practically depleted and the smelter was operating at a reduced rate due to lack of concentrates.

In January 1952, the United States Government had agreed to purchase 20,000 tons of tin from the United Kingdom and some purchases had been made from private importers. In March, agreements were reached for both tin metal and tin concentrates from Indonesia and the Belgian Congo. Shortly thereafter, the accumulation of concentrates produced in Bolivia and stored in South American ports were purchased and the purchases of tin concentrates in Thailand, Mexico, and Portugal were expanded.

As a result of those actions sufficient tin had been obtained by August 1952 to permit resumption of private importation and the termination of the Government tin metal purchase program. During the fall of 1952 and early 1953 the smelter has operated at the highest rate in its history. At this time, the stockpile situation is good, the market price for tin has fallen materially, and the adequacy of industrial supplies is no longer uncertain.

2. The production of synthetic rubber has continued with substantial success in quantity and quality of output as well as from a profit point of view. From March 1952 to May 1953, a total of 845,373 long tons of synthetic rubber has been produced and the operation is currently running at a rate in excess of 1 million long tons for a similar period. All of RFC's facilities, with the exception of 1 GR-S line and 3 alcohol butadiene lines, are operating at capacity.

As for the profit side of the rubber picture, it is noted that the fiscal year ended June 30, 1952, showed a net operating margin of \$16,114,000, while the net for fiscal 1953 will be about \$60 million.

3. On March 2, 1953, a plan for transferring RFC-owned synthetic-rubber facilities to private ownership was submitted by the Administrator to the President and the Congress. It presented a new approach to a difficult problem. This plan was adopted by the President, who urged the Congress to enact appropriate legislation to carry it out.

4. RFC has continued the operation of 5 abaca plantations totaling approximately 25,000 acres in 4 Central American countries. Research designed to improve both agriculture and processing techniques has resulted in a substantial increase in the fiber yield per acre.

5. During this period, there has been some increase in the number of small-business loans, rubber production has expanded, and the tin shortage has been relieved. Yet, the RFC expenses have been less and the number of employees reduced. The staff has been cut from 2,640 to 2,200 and another reduction of 200 has been budgeted for. This reduction in personnel has been accomplished in an orderly manner and in compliance with applicable laws and civil-service rules and regulations. Translated into dollars, the saving on an annual basis will exceed \$2 million in salaries alone. As a result of these reductions and other administrative efficiencies, the overall administration of the Corporation is currently costing at a rate approximating \$3 million less than it was when Mr. McDonald took office.

6. During this period, the Corporation has administered vigorously its policy of reducing its security holdings and liquidating credits when that can be done in an orderly manner and at a profit whenever practicable. From February 1952 to March 1953, 3,675 loans and mortgages were fully repaid. Included in this number were the retirement of preferred stock of 182 banks, repayment in full of 1,761 business loans and 349 catastrophe loans. In this process of loan repayments, in whole or in part, the Corporation received a total of approximately \$240 million.

7. After paying all its expenses, without any appropriation from the Congress, the RFC has paid into the United States Treasury approximately \$173 million during Mr. McDonald's administration. This net return was derived from the lending, liquidation, and production activities of the Corporation.

8. In the disaster loan program, citizens in areas scattered throughout 23 States received loan assistance. Victims of 13 floods, 11 tornadoes, 3 earthquakes and landslides, and 1 fire obtained 809 loans in the amount of \$4,558,000 to restore their homes and business establishments.

9. Between March 1952 and April 1953, the RFC made 2,001 loans in the amount of \$334,479,000. Since the Corporation makes loans under 4 different authorities—i. e., the Reconstruction Finance Corporation Act, the Civil Defense Act, and 2 different sections of the Defense Production Act—it is interesting to note how these 2,001 loans were distributed. Of the total, 1,660 or 83 percent were made under section 4 (a) of the RFC Act; 173 or 8.6 percent under section 302 of the Defense Production Act; 161 or 8 percent on the recommendation of SDPA under section 714 of the Defense Production Act; and 7 or .4 percent under section 409 of the Civil Defense Act.

10. Private bank participation in RFC loans has been encouraged. Approximately 30 percent of the number of loans outstanding at this time have bank participation, either direct or deferred. This highlights the way in which the RFC assists small banks and small enterprises without competing with financial institutions.

11. The vast majority of the loans made by the RFC are for less than \$100,000 each and go to small-business enterprises. In fact, in excess of 90 percent of the outstanding loans are under \$100,000 each and almost all of the RFC loans have gone to enterprises clearly identified as small business. The largest loan authorized was one for \$94 million to the San Manuel Copper Corp., for expanding the production of copper in this country. This loan, as a specific defense measure, was certified to the RFC by the Defense Materials Procurement Agency. Among some of the other actions affecting loans of substantial size were the disposal of \$4,183,190.90 of Central of Georgia securities, repayment of principal and interest on the Glen L. Martin loan in the amount of \$14,700,000, reduction of the Bal-

timore & Ohio loan by approximately \$8 million, and reorganization of the Kaiser-Frazer loans with provision for \$15 million repayment to the RFC.

After concluding this résumé of some of the highlights of RFC's actions during his administration, Mr. McDonald made the following statement:

"No one believes more strongly than I in the essentiality of private competitive business to a democratic country such as ours. My many years in private business plus 6½ years of executive experience in the Government have enabled me to see, at firsthand, the necessity for a noncompeting cooperative relationship between Government and all private businesses. The Government should operate only in those activities which cannot be fairly performed by private interests. It is on this principle that I favor the continuation of the RFC as a lending agency. When private banks cannot or will not make credit available to small enterprises, disaster victims, and small communities, then the Government should be there to make sound loans—not gifts or grants—for essential purposes. It is the principle of equality of opportunity for small business, not one of special privileges to anyone on the basis of size.

"I can see no useful purpose to be attained from the elimination of the RFC. It is an earner—and relieves the taxpayer of some of his heavy burden. It is a positive assistance to productive activity in our small businesses and small communities.

"Rather, I favor placing responsibility in the RFC for as many of the various lending functions of the Government as possible.

"As I return to private life, I feel enriched by my experience of attempting to help the general public through appropriate Government activities. My personal financial sacrifice has been more than offset by the association with the many fine people in this agency and other branches of the Government."

STATEMENT OF WRIGHT PATMAN, MEMBER OF CONGRESS BEFORE THE COMMITTEE ON BANKING AND CURRENCY OF THE UNITED STATES SENATE, MAY 2, 1951

1. The continuance of RFC is absolutely necessary for small-business concerns and for many larger concerns that cannot get credit locally or in the market place.

2. Commercial banks will extend credit for 60 or 90 days, but this is insufficient for small and growing concerns, therefore the discontinuance of the RFC would be detrimental to our economy.

3. The RFC is a source of business for commercial banks. Thousands of loans that have been denied by local banks have later been accepted by these same local banks, after being shown by RFC officials that the loans were good. The investigations made by the RFC, which local banks did not make, were convincing. It often happens that the RFC will make a good-size loan and then later sell it to private banking interests when a few payments are made on the installments, or after it is found out to be a bankable loan.

4. If small and medium concerns are denied the opportunity to obtain credit from the RFC, many of them will be unmercifully fed to the loan sharks, which is against the public interest.

5. Under existing law, which should be continued, concerns that are able to obtain credit at a reasonable rate of interest are not eligible for RFC loans.

6. Under existing law, which should be continued, concerns engaged in the business of trying to mold public opinion, whether newspaper, magazine, radio, television or newsreel, are not eligible for loans.

7. In consideration of the charge that the lending of public credit through the RFC is socialistic, it is also well to consider whose credit is loaned by whom through the commercial banks. Both RFC and commercial banks use the credit of the Government.

8. The number of commercial banks has decreased 50 percent during the past 30 years. The remaining banks are stronger, larger and less inclined to give consideration to credit for small concerns.

(a) Six-sevenths of the loans extended by commercial banks are public credit just as much so as money loaned by the RFC; only one-seventh is required as a reserve.

(b) Commercial banks owe obligations to depositors and stockholders, and the public interest is necessarily secondary.

(c) Very short banking hours throughout the Nation make it difficult for the many thousands of concerns wanting credit to get proper consideration for credit.

(d) Procurement officers naturally prefer to deal with large concerns in Government supplies. It is likewise perfectly natural that large banks prefer to deal with large debtors, thereby eliminating much trouble, annoyance and subjecting their bank to less risk.

9. Many concerns, small in comparison to the dominant concerns in the particular business, yet large in size moneywise, cannot get credit through established channels in many instances because those who control the boards of directors of banks and insurance companies capable of making large loans will not permit the loans to be made because the applicants are not wanted in the particular business that they are trying to engage in. Directors are unlikely to make money or credit available for competitors, or would-be competitors.

10. The discontinuance of the RFC would be a devastating blow to independent business, both small and large. It would place the use of credit in the hands of a few, thereby more closely knitting a monopoly of money and credit.

Mr. WOLCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. MULTER. Mr. Speaker, as has been so well pointed out, the one provision in the bill as it comes to us from conference that is being objected to is Title I which seeks to liquidate or cause the RFC to stop operating as of 60 days from the enactment of the bill and to liquidate its assets completely by June of 1954.

While the provisions of title II which deal solely with the new Small Business Administration are not entirely satisfactory to many Members, we could go along with the conference report and put that into operation leaving to a later date correction of the details, after we see how they work out when in actual operation. But we cannot accept this conference report with the provisions which appear were written into the bill by the other body with reference to the RFC. We never considered them in this House and conducted no hearings on them. There is a very practical reason why we cannot take this report and adopt it, then expect that the Small Business Administration will take over and begin to function and do a job in the place and stead of RFC. If we could be sure that the Small Business Administration as set up under our House bill would be a permanent agency, then we

might go along with the idea of now liquidating the RFC. But this report goes along with the Senate amendment to terminate the new agency in 1955.

Let me point out to you that before the Small Business Administration that is set up under this bill can act we will have to appropriate money for it. It is doubtful whether we can get such an appropriation bill through in sufficient amount so that the Small Defense Plants Administration can be taken over and continued as the Small Business Administration, and, in addition to that, get enough money for the lending purposes and the lending authority that is now vested in the RFC. This is indicated to be the last week of this first session of the Congress. I have serious doubt as to whether we will be able to enact an appropriation bill in this session of Congress which will implement this bill so as to carry out the functions that we are seeking to impose upon this new Small Business Administration. For that reason, if for no other, I urge upon you that we must not let the RFC be liquidated now.

You have under existing statutes the provision that RFC shall continue to function until June 1954. This conference report would bring that date forward to 60 days after enactment of this bill. Under existing statutes the RFC would not be required to liquidate until 1956. Under this conference report it must liquidate by June of next year.

To those who are interested in getting loans for their municipalities where they can get them nowhere else, to those of you who are interested in getting disaster loans for your area where they could get such money nowhere else, let me point out to you that by liquidating RFC as of now those loans to all intents and purposes will cease to be made.

There is a provision in the Small Business Act that to the extent of \$25 million such loans can be made by the Small Business Administration. In that connection may I point out to you that in 1951 RFC had outstanding almost \$20 million of public agency and municipal loans which under this new act would be limited to an aggregate of \$25 million. In 1952 that amount was almost \$16 million for public agencies and municipalities. Your disaster or catastrophe loans during 1952 aggregated \$21 million. Under this act the RFC would have to cease making those loans. If you adopt this conference report they will have to cease making those loans and the Small Business Administration will be limited to a maximum of \$25 million for those loans. I have no disaster areas in my district nor surrounding it, but there must be more than 20 such disaster areas in the country. During 1951 and 1952 they needed help and will probably continue to need help which they will not be able to get unless you will support the motion to be offered by the gentleman from Kentucky to recommit this report with instructions to eliminate title I. As I said before, title I deals only with the immediate liquidation of RFC.

Title II is a provision which deals with setting up the Small Business Administration. That part of this act as it passed the House called for a permanent

Small Business Administration. It comes back to us now, not as a permanent small business administration but one which is to cease to operate on June 30, 1955. Now, by this motion to recommit we do not address ourselves to that termination provision, so bear in mind that if you now eliminate RFC by failure to delete title I from this bill, you do not replace it with another permanent agency, but with one that will continue to operate only until June 30, 1955.

Therefore I urge you most earnestly to support the motion to be offered by the gentleman from Kentucky [Mr. SPENCE], and recommit this report and let the bill come back without title I. In due course we can hold hearings on the liquidation of RFC and then take appropriate and deliberate action. Let us not take hasty action to liquidate an agency with almost \$1 billion in assets. This new agency, with a maximum authorization of \$275 million of lending power cannot be expected to take the place of RFC.

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. O'HARA].

(Mr. O'HARA of Illinois asked and was given permission to revise and extend his remarks.)

Mr. O'HARA of Illinois. Mr. Speaker, I shall support the motion of the gentleman from Kentucky [Mr. SPENCE]. I do not think the conferees of the other body have been properly respectful of the dignity of this body. That I cannot excuse, but I can pass it over as a discourtesy due perhaps to the summer heat and the letdown in the prospect of an early adjournment.

But what is being done, and that I cannot pass over lightly, is in the nature of entering a jail and gunning to death the inmate 6 months before date set for his legal execution. It is just that. Under the law RFC was to die at the end of June. Without submitting the issue to this tribunal, the conferees of the other body are forcing on us at the point of a gun acceptance of their mandate for a premature execution.

In submitting to what we must regard as an ultimatum we are destroying the foundations of our legislative system. If instead of RFC expiring at the end of June, it was the desire of one or more Members, to advance the termination date the time-honored practice was for such Member or Members to introduce a bill to that effect. Such a bill in the orderly and proper way would have been referred to and studied by the Banking and Currency Committee. If passed out by the Banking and Currency Committee and given a rule by the Rules Committee it would have come to this floor for vote after a debate in which every Member so desiring could participate. That is the way it should have been done. There is no valid excuse for it being done in any other way.

What is the reason for this strange proceeding? I can only guess. What was the reason last week when German war bonds were redeemed at 100 cents on the dollar while patriotic Americans who put their savings in American bonds to fight Germany were getting 89 cents on the dollar? I can only guess. What

was the reason that the Federal Reserve banks were permitted to inflate the currency for their own profit in billions of dollars, thus causing the cost of living to bound to the highest mark ever known? I can only guess. But, Mr. Speaker, it is no guess to say that it is all of the same pattern.

It is all as stupid as were exactly the same things that were being done in the Hoover days. Stupid is a mild word. Here we are fighting to prevent a depression which no one wants. Here we are on the very day that news of the Korean armistice, giving joy to all of us, commands us to buckle to the job of strengthening industry to take up the slack in employment certain to follow the letup in defense production. And on this very day we are on this floor, with a gun at our heads, asked to mob-kill the one agency of Government that holds the greatest hope of turning back the tide if recession starts turning into a devastating depression.

By the end of June 1954 we may be out of the zone of depression danger. But, let us not deceive ourselves. The next 6 months are bound to be months of nervous uncertainty. Everyone knows that. Our economy has been geared to war and war effort. The change may not be easy. Industries may have trouble, money already hard to get may freeze up. In all good common sense, let us keep available the RFC, which pulled us through one depression, until its legitimate span of life has run and we are in better position to know whether we need it to fight off another depression.

Mr. Speaker, I hope that the motion of the gentleman from Kentucky [Mr. SPENCE] will prevail. It if does not, it is my carefully considered judgment that in the event of a serious recession striking us between the date of the premature termination of RFC and the date of its termination in the regular order in June every Member of this body who shows more respect for a gun at his head than his own common sense will rue the day.

(Mr. RAINS (at the request of Mr. WOLCOTT) was given permission to extend his remarks at this point in the RECORD.)

[Mr. RAINS addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. WOLCOTT. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, I think we all realize that most important legislation is enacted because some Members of the Congress are willing to compromise. Always in legislation of this nature there are those who, because of economic and political, and social reasons, perhaps, find it desirable to adhere to certain philosophies. In 1932 we made available not only billions of dollars of credit which have been loaned by RFC but billions of dollars in addition to that to other agencies.

I think before I get to that I should devote a few minutes to the small-business title of the bill which is title II. The House provided \$250 million of

funds. One hundred and fifty million of that was to be used for loans, \$100 million of it could be used for the contract program. The other body increased that by \$25 million so that the available funds of the Small Business Administration is \$275 million, but \$25 million of it is to be used by the Small Business Administration to make disaster loans, the same kind of loans that the RFC has been making up to the present time.

As the gentleman from New York pointed out, the disaster loans outstanding at the present time by the Reconstruction Finance Corporation amount to \$16,239,265. We gave the Small Business Administration a clear \$25 million to supplement that, to continue making disaster loans under the same policy which has actuated the Reconstruction Finance Corporation throughout the years. So there is no danger to the disaster-loan program.

Title II of the Senate bill contained a provision which authorized the Small Business Administration to make municipal loans for facilities. They relate to proprietary functions such as highways, bridges, and so forth, as contrasted to purely governmental operations. We transferred that out of title II to title I, and provided that the President might designate any agency of the Government, except the Reconstruction Finance Corporation, of course, to administer this municipal-loan program. There is provided a revolving fund in the Treasury for \$25 million with which the agency designated by the President would make the loans.

The last RFC annual report shows that all of the political subdivisions of all of the States and Territories had outstanding only \$15,949,853. This bill sets up an additional \$25 million for these municipal loans and loans to political subdivisions, political authorities within the States.

The House bill provided that there be a loan policy board made up of the Secretary of the Treasury as chairman, the Secretary of Commerce, and the Administrator of the Small Business agency. The conference agreed that the Administrator of the Small Business Administration should be the chairman of that board instead of the Secretary of the Treasury.

The House had provided that not more than \$100,000 could be loaned to any single borrower. The Senate had provided that not more than \$200,000 should be loaned to any single borrower. The conferees split the difference, so the conference report provides that not more than \$150,000 shall be loaned to any single borrower.

The House bill provided no limitation on the life of the agency, although it created it as an independent agency of the Government. The Senate had provided a time limitation of 2 years on the life of the Administration. The conferees in view of the fact that in some respects this Small Business Administration takes on the complexion of the RFC—because there has always been a limitation upon the life of the RFC—thus to give the Congress a look at how

this agency is functioning, we limit its life to 2 years.

At the time of the last report there was outstanding in the RFC loan program, not billions but an aggregate of \$696,427,029. It might be interesting to point out that of this amount \$83,143,026 are loans to railroads and almost all of that is to one railroad.

This bill does not contemplate that there shall be any loans made to financial institutions. As a matter of fact, 5 years ago we did away with the program under which the RFC purchased the preferred stock and capital notes of banks. There was at the time of the last report as still outstanding assets of RFC, preferred notes and capital notes of financial institutions amounting to \$54,766,637. It is quite true, as the gentleman from Kentucky [Mr. SPENCE] has said, that back in 1932 when this corporation, the RFC, was set up, there was the necessity for the creation of additional credit. We set up the RFC for the purpose of making available that credit, because there was not sufficient credit in the private financing institutions at that time. It was one of the many things we did to increase the volume and the velocity of credit, to help bring us out of a depression. Up through 1948 they had done almost \$18 billion of business without any losses except those losses which we here in the Congress compelled them to take in connection with raising money for grants for very desirable purposes incident to the war. We wrote off these losses by authorizing the cancellation of Treasury-held RFC notes. On their loan program they have made money. We should be very proud of the record that the RFC has made.

We find ourselves, however, in an entirely different situation now. Employment is the highest that it has ever been in the United States. Unemployment is at an all-time low. National production is at an all-time high. Available private credit in the United States is at an all-time high.

Some are criticising the administration today because it has not tightened up on credit any more than it has.

The price index, much to our surprise, took another upward turn a few weeks ago. Everything—production, credit, deposits, savings, employment—is at an all-time high. Virtually, Mr. Speaker, our prosperity is bulging at the seams. Under these circumstances there is no necessity for the continuance of any agency of the Government to further aggravate the situation by pouring into the economic stream such a volume of credit as has resulted from RFC loan activities.

Mr. MULTER. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. In just a few moments I shall be glad to yield.

That record exists in spite of Treasury action, necessitated by market conditions, to raise interest rates. The reason why interest rates were raised is, first, to prevent inflation, and what has happened in the last few weeks shows the necessity for the action taken to stop inflation.

Secondly, that action was taken to provide an area in which interest rates, rediscount rates, and reserve requirements could be manipulated to prevent a recession in any degree. Let me explain, Mr. Speaker, that the alternative to inflation is not depression. What we seek is the golden means somewhere between inflation and depression which we accept as stabilization. Many other things apparently will have to be done to stop inflation. Every one of us has committed himself in thought, and I hope we will today in deed repudiate inflation as a matter of policy on the part of the Government.

The thing in which we are vitally interested is small business. We have made available in this bill \$50 million more than was made available to small business in any other legislation. The help which may be given to small business under this bill would continue for at least 1 year beyond that which any existing legislation would provide.

Let me also call attention to the fact that over 90 percent of all of the business loans made by RFC from its very inception have been loans which now come within the jurisdiction of the Small Business Administration, loans much under \$100,000. Now the necessity of continuing RFC for the purpose of making loans to small business is argued. Let me repeat, as the gentleman from Kentucky [Mr. SPENCE] suggested, most of those loans have been to small businesses, and over 90 percent of them have been loans for much less than \$100,000. This small-business bill which we are asked to pass today sets a ceiling of \$150,000 on loans to any single borrower. So I think we can say, without fear of successful contradiction, that if you do not want to continue an agency for the purpose of making loans up into the millions to big business, if you are really in favor of small business, then you can help small business by adopting this conference report and defeating the motion to recommit.

I view this as one factor in a program which we all pray will be successful, in our effort to stop inflation. We make it easier for small-business to buy and sell on a stabilized market. This is one of the many steps which the administration is taking to stabilize our economy.

Ours has been a credit inflation, and that credit inflation has been man-made; it has been made partly by the Congress of the United States in that we have contributed to the fallacious practice of maintaining inflation as a continuing policy of the Federal Government. Now we are called upon to reverse that policy, to set up one of sound money, one of stability. This is a bill which helps that program.

The Reconstruction Finance Corporation would have died on June 30, 1954. This bill provides that its loan program may be continued for 60 days. Thereafter the corporate authority of the Reconstruction Finance Corporation is continued until June 30, 1954, for the purpose of liquidation. There are about \$696,427,029 of assets which can be liquidated. The RFC will continue as a

liquidating agency until June 30, 1954, at which time the liquidation of the remaining assets will be taken over by the Secretary of the Treasury. Under existing law RFC would have died next June 30 anyway. In the meantime, under the program as previously contemplated, the loans in number and amount would have been gradually decreased so it would not have been in the lending business a year from now.

Just the other day, in answer to the gentleman from New York, I believe we set up \$9,500,000 in the supplemental appropriation bill to enable RFC to operate for the current fiscal year. Do not be fearful that this same Congress which is as solicitous of small business as it has shown itself to be in recent days is going to deny the Small Business Administration the money with which to function and function as we intend it to function.

Mrs. PFOST. — Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentlewoman from Idaho.

Mrs. PFOST. I want to commend the committee for the fine job they have done on page 20 of the conference report by designating producers of critical minerals and metals as eligible for assistance under the Small Business Act of 1953. As you know, in the past it has been almost impossible for small mine operators and the mining industry to obtain loans from the Small War Plants Corporation or RFC, but this report should forestall any such occurrence under this act. Under this provision there is no doubt that miners and the mining industry are covered in the lending policy set up for the Small Business Administration.

Mr. WOLCOTT. I might say to the gentlewoman from Idaho that it was our intention to cover them, so much so that we again wrote it specifically into the conference report.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Speaker, I move the previous question on the conference report.

The SPEAKER. The question is on the conference report.

Mr. SPENCE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SPENCE. I am.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. SPENCE moves to recommit the conference report on the bill H. R. 5141 to the committee of conference with instructions to the managers on the part of the House to insist on disagreement to title I of the Senate amendment to the text of the bill.

Mr. WOLCOTT. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 56, noes 106.

Mr. SPENCE. Mr. Speaker, I object to the vote on the ground a quorum is not present and make the point of order that a quorum is not present.

Mr. HALLECK. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 161, nays 226, not voting 44, as follows:

[Roll No. 105]

YEAS—161

Abernethy	Granahan	O'Hara, Ill.
Addonizio	Grant	O'Neill
Albert	Green	Passman
Andrews	Gregory	Patman
Ashmore	Hagen, Calif.	Patten
Aspinall	Harris	Perkins
Barrett	Hart	Pfost
Battle	Hays, Ark.	Pilcher
Bennett, Fla.	Hays, Ohio	Poage
Bentsen	Herlong	Polk
Blatnik	Hollfield	Price
Boggs	Holtzman	Priest
Boland	Howell	Rabaut
Bolling	Ikard	Rains
Bonner	Jarman	Rayburn
Bowler	Javits	Regan
Brooks, Tex.	Jones, Ala.	Rhodes, Pa.
Brown, Ga.	Jones, Mo.	Richards
Buchanan	Karsten, Mo.	Riley
Byrd	Kee	Roberts
Byrne, Pa.	Kelley, Pa.	Rodino
Camp	Kelly, N. Y.	Rogers, Colo.
Cannon	King, Calif.	Rogers, Tex.
Carnahan	Kirwan	Rooney
Celler	Kluczynski	Roosevelt
Chelf	Landrum	Selden
Condon	Lane	Shelley
Cooper	Lanham	Sheppard
Crosser	Lantaff	Sieminski
Davis, Ga.	Lesinski	Sikes
Davis, Tenn.	Long	Smith, Miss.
Dawson, Ill.	McCarthy	Spence
Deane	McCormack	Staggers
Delaney	McMillan	Steed
Dodd	Machrowicz	Sullivan
Dollinger	Mack, Ill.	Sutton
Dorn, N. Y.	Madden	Teague
Dorn, S. C.	Magnuson	Thomas
Doyle	Mahon	Thompson, La.
Eberharter	Marshall	Thompson, Tex.
Edmondson	Matthews	Thornberry
Elliott	Metcalf	Trimble
Engle	Miller, Calif.	Vinson
Evins	Miller, Kans.	Walter
Feighan	Mills	Wheeler
Fernandez	Mollohan	Whitten
Forand	Morrison	Wickersham
Forrester	Moss	Wier
Fountain	Moulder	Willis
Frazier	Multer	Winstead
Friedel	Murray	Yates
Garmatz	Norrell	Yorty
Gathings	O'Brien, Ill.	Zablocki
Gentry	O'Brien, Mich.	

NAYS—226

Abbitt	Boykin	Crumpacker
Adair	Bramblett	Cunningham
Alexander	Bray	Curtis, Mass.
Allen, Calif.	Brooks, La.	Curtis, Mo.
Allen, Ill.	Brown, Ohio	Curtis, Nebr.
Andersen,	Brownson	Dague
H. Carl	Broyhill	Davis, Wis.
Andresen,	Budge	Dawson, Utah
August H.	Burdick	Dempsey
Angell	Burleson	Derounian
Arends	Busbey	Devereux
Auchincloss	Bush	D'Ewart
Ayres	Byrnes, Wis.	Dondero
Bailey	Campbell	Dowdy
Baker	Canfield	Durham
Barden	Carlyle	Ellsworth
Bates	Carrigg	Fallon
Beamer	Cederberg	Fenton
Becker	Chatham	Fisher
Belcher	Chenoweth	Ford
Bender	Chiperfield	Frelinghuysen
Bennett, Mich.	Church	Fulton
Bentley	Clardy	Gamble
Berry	Clevenger	Gary
Betts	Cole, Mo.	Gavin
Bishop	Cole, N. Y.	George
Bolton,	Colmer	Golden
Oliver P.	Cooley	Goodwin
Bonin	Coon	Graham
Bosch	Corbett	Gross
Bow	Cretella	Gubser

Hagen, Minn.	Latham	Scott
Ha'e	LeCompte	Scrivner
Haley	Lovre	Scudder
Halleck	Lucas	Seely Brown
Harden	McConnell	Shafer
Hardy	McDonough	Sheehan
Harrison, Nebr.	McGregor	Short
Harrison, Va.	McIntire	Shuford
Harrison, Wyo.	Mack, Wash.	Simpson, Ill.
Harvey	Mailliard	Simpson, Pa.
Heseltan	Mason	Small
Hess	Meador	Smith, Kans.
Hiestand	Merrill	Smith, Va.
Hill	Miller, Md.	Smith, Wis.
Hillelson	Miller, Nebr.	Springer
Hillings	Miller, N. Y.	Stauffer
Hinshaw	Morano	Stringfellow
Hoeven	Mumma	Taber
Hoffman, Ill.	Neal	Talle
Hoffman, Mich.	Nelson	Thompson, Mich.
Holmes	Nicholson	Tollefson
Holt	Norblad	Utt
Hope	Oakman	Van Pelt
Horan	O'Konski	Van Zandt
Hosmer	Ostertag	Vorys
Hruska	Patterson	Vursell
Hunter	Pelly	Wainwright
Hyde	Phillips	Wampler
Jackson	Pillion	Warburton
James	Poff	Weichel
Jenkins	Radwan	Westland
Jensen	Ray	Wharton
Johnson	Reams	Widnall
Jonas, Ill.	Reece, Tenn.	Wigglesworth
Jonas, N. C.	Reed, N. Y.	Williams, Miss.
Jones, N. C.	Rees, Kans.	Williams, N. Y.
Judd	Rhodes, Ariz.	Wilson, Calif.
Kean	Riehlman	Wilson, Ind.
Kearns	Robeson, Va.	Wilson, Tex.
Keating	Robson, Ky.	Withrow
Kersten, Wis.	Rogers, Fla.	Wolcott
Kilburn	Rogers, Mass.	Wolverton
King, Pa.	Sadlak	Young
Knox	St. George	Younger
Krueger	Saylor	
Laird	Scherer	

NOT VOTING—44

Bolton,	Gordon	O'Brien, N. Y.
Frances P.	Gwinn	O'Hara, Minn.
Buckley	Hand	Osmer
Case	Hébert	Philbin
Chudoff	Heller	Powell
Cotton	Kearney	Preston
Coudert	Keogh	Prouty
Dies	Kilday	Reed, Ill.
Dingell	Klein	Rivers
Dolliver	Lyle	Schenck
Donohue	McCulloch	Secrest
Donovan	McVey	Taylor
Fine	Martin, Iowa	Tuck
Fino	Morrow	Velde
Fogarty	Morgan	Watts

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Dies against.
 Mr. Gordon for, with Mr. McCulloch against.
 Mr. Fogarty for, with Mrs. Frances P. Bolton against.
 Mr. Hébert for, with Mr. Reed of Illinois against.
 Mr. Klein for, with Mr. Taylor against.
 Mr. Heller for, with Mr. Coudert against.
 Mr. Dingell for, with Mr. Schenck against.
 Mr. Fine for, with Mr. Hand against.
 Mr. O'Brien of New York for, with Mr. Osmer against.
 Mr. Preston for, with Mr. Case against.
 Mr. Buckley for, with Mr. Prouty against.
 Mr. Chudoff for, with Mr. Gwinn against.
 Mr. Powell for, with Mr. Fino against.
 Mr. Morgan for, with Mr. McVey against.
 Mr. Watts for, with Mr. Velde against.

Until further notice:

Mr. Cotton with Mr. Kilday.
 Mr. Dolliver with Mr. Rivers.
 Mr. Morrow with Mr. Donohue.
 Mr. O'Hara of Minnesota with Mr. Philbin.

Mr. BATTLE changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON ARMED SERVICES

Mr. SHORT. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may have until midnight tonight to file a conference report on the bill H. R. 5728, the so-called rubber bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The conference report and statement follows:

CONFERENCE REPORT (H. REPT. NO. 999)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5728) to authorize the disposal of the Government-owned rubber-producing facilities, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That this Act shall be known as the 'Rubber Producing Facilities Disposal Act of 1953.'

"SEC. 2. It is hereby declared that disposal of the Government-owned rubber-producing facilities pursuant to the provisions of this Act is consistent with the national security and will further effectuate the policy set forth in section 2 of the Rubber Act of 1948, as amended (62 Stat. 101, 50 U. S. C. App. 1921), with respect to the development within the United States of a free, competitive, synthetic rubber industry.

"SEC. 3. (a) There is hereby established a Rubber Producing Facilities Disposal Commission, hereinafter referred to as the Commission, to be composed of three persons, to be appointed by the President. Members of the Commission shall be appointed from civilian life and shall receive compensation at the rate of \$50 per diem for each day engaged in the business of the Commission, and shall be allowed transportation and a per diem of \$9 while away from their homes or places of business pursuant to such business. No person who is employed in or at any time since January 1, 1950, has been an employee of, or who receives a substantial part of his income from, the rubber or petroleum industry, or that part of the chemical industry which supplies, or is capable of supplying, feedstocks for the manufacture of synthetic rubber, shall serve as a Commissioner.

"(b) With respect to the Government-owned rubber-producing facilities it shall be the duty of the Commission, and it is authorized in accordance with the provisions of this Act (1) to invite and receive proposals for the purchase of the facilities; to negotiate for their sale and make recommendations therefor to the Congress; to enter into appropriate contracts for their sale, which contracts shall be binding upon the Government and the prospective purchasers upon their execution subject only to the further provisions of this Act; and in the performance of such contracts to execute and deliver such deeds or other instruments appropriate to effectively transfer to the purchaser thereof title to the facilities, no matter by what officer, agent, department, Government corporation, or instrumentality of

the United States the same is held; (2) to lease and thereunder deliver possession of the alcohol butadiene facilities, if practicable; and (3) to take such action and exercise such powers as may be necessary or appropriate to effectuate the purposes of this Act.

"(c) From the time of its appointment and throughout the course of the performance of its duties, the Commission shall consult and advise with the Attorney General in order (1) to secure guidance as to the type of disposal program which would best foster the development of a free competitive synthetic rubber industry not in violation of the antitrust laws, and (2) to supply the Attorney General with such information as he may deem requisite to enable him to provide the advice contemplated by this section and sections 9 (a) (4) and 9 (f) of this Act.

"(d) Nothing in this Act shall impair, amend, or modify the antitrust laws or limit and prevent their application to persons who acquire property under the provisions of this Act. As used in this section, the term "antitrust laws" includes the Act of July 2, 1890 (ch. 647, 26 Stat. 209), as amended; the Act of October 15, 1914 (ch. 323, 38 Stat. 730), as amended; the Federal Trade Commission Act; and the Act of August 27, 1894 (ch. 349, secs. 73, 74, 28 Stat. 570), as amended.

"SEC. 4. The Commission shall be furnished upon its request all available information concerning the Government-owned rubber-producing facilities in the possession of any department, agency, officer, Government corporation, or instrumentality of the United States concerned with Government-owned rubber-producing facilities.

"SEC. 5. The Commission shall proceed as promptly as practicable, conducting such hearings as may be necessary, with the disposal of the rubber-producing facilities in compliance with the provisions of this Act.

"SEC. 6. (a) Without regard to the civil-service laws or the Classification Act of 1949, the Commission shall be authorized to employ professional, clerical, and stenographic assistance, and shall be further authorized to request and, with the consent of the head of any department, agency, Government corporation, or instrumentality of the United States concerned with the Government-owned rubber-producing facilities, receive the assistance of any employee thereof: *Provided*, That rates of pay for personnel employed by the Commission shall be in accordance with the Classification Act of 1949.

"(b) No member of the Commission and no person employed by the Commission as an attorney, agent, or employee in activities involving discretion with respect to negotiations or contracts of sale of the Government-owned rubber-producing facilities, shall, during the period of such employment, or for a period of two years thereafter, be employed in any capacity by any purchaser, or affiliate thereof. No purchaser or affiliate thereof shall employ in any capacity any person, who has served as a member of the Commission or who was employed by the Commission and served the Commission as an attorney, agent, or employee in activities involving discretion with respect to negotiations or contracts of sale of the Government-owned rubber-producing facilities, while any such person is serving as a member or employee of the Commission or for a period of two years thereafter. Any person violating the provisions of this subsection shall be fined not more than \$10,000 or imprisoned not more than one year, or both.

"SEC. 7. (a) The Commission shall invite, upon adequate notice and advertisement, proposals for the purchase of the Government-owned rubber-producing facilities, hereafter referred to as the 'facilities.' The period for the receipt of proposals shall be determined and publicly announced by the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 30, 1953
For actions of July 29, 1953
83rd-1st, No. 143

CONTENTS

Appropriations.....1,3,4,26,43	Forestry.....23	Property.....11,32
Banking and currency..33,42	Foundations.....20	Reclamation.....18,34
Committee assignment.....6	Immigration.....2	Recreation.....35
Debt limit.....9	Import controls.....39	Rubber.....7
Drought relief.....26,40	Investigations.....20	Small business.....5
Education.....13	Lands, public.....22,25	Surplus property.....11
Electrification.....15	Legislative program...16,30	Trade, foreign.....24
Expenditures.....41	Minerals.....25	Transportation.....8
Family-size farms.....10	Penalty mail.....27,31	Veterans' benefits.....29
Famine relief.....36	Personnel.....29	Water conservation...14,37
Farm program.....28	Price discrimination....19	Weather control.....21
Food inspection.....12	Prices, support.....38	Wheat agreement.....17
Foreign aid.....1,43		

HIGHLIGHTS: Senate passed foreign-aid appropriation bill. Senate passed immigration bill. House completed congressional action on drought-relief appropriation bill. House passed famine-relief bill. House completed congressional action on wheat-agreement bill. House Rules Committee cleared public-for-private timber-land exchange bill. House passed bill requiring payment for penalty mail. Rep. Marshall asked adequate farm program.

SENATE

1. FOREIGN-AID APPROPRIATION BILL, 1954. Passed, 69-10, with amendments this bill, H. R. 6391 (pp. 10490, 10492, 10549-50, 10652, 10657-95). Senate conferees were appointed (10695). An amendment by Sen. Paybank, barring funds for purchase of agricultural commodities at less than prevailing market price or, if obtained from CCC, at less than support price, was ruled out of order. Rejected various amendments to reduce the amounts.
2. IMMIGRATION. Passed, 63-30, with amendments H. R. 6481, to permit immigration of refugees, etc. (pp. 10496-513). Senate and House conferees were appointed (pp. 10512, 10622-3).
3. DEFENSE APPROPRIATION BILL, 1954. Both Houses agreed to the conference report on this bill, H. R. 5969 (pp. 10514-19, 10556-64). This bill will now be sent to the President.
4. LEGISLATIVE-JUDICIARY APPROPRIATION BILL, 1954. Passed with amendments this bill, H. R. 5805 (pp. 10543-9). The House concurred in the Senate amendments (pp. 10623-4). This bill will now be sent to the President.
5. SMALL BUSINESS. Agreed to the conference report on H. R. 5141, to create a Small

Business Administration (p. 10520). This bill will now be sent to the President.

6. COMMITTEE ASSIGNMENT. Sen. Bricker was named Chairman of the Committee on Interstate and Foreign Commerce (p. D800).
7. RUBBER. Rejected the conference report on H. R. 5728, to provide for sale of Government rubber-producing facilities. Conferees were appointed for a further conference. (pp. 10550-4.)
8. TRANSPORTATION. Sen. Aiken inserted a resolution of the Agriculture and Forestry Committee requesting the Interstate Commerce Commission to defer its order on trip leasing until action on H. R. 3203 is completed (pp. 10478-9). Sen. Johnson, Colo., inserted an ICC statement on the effects of its order (p. 10696).
9. DEBT LIMIT. Several Senators discussed the possibility of a request for legislation to increase the public-debt limit (pp. 10533-6).
10. FAMILY-SIZE FARMS. Sen. Humphrey spoke in favor of maintaining family-size farms and expressed a doubt as to whether the Administration is working toward this end (pp. 10521-3).
11. SURPLUS PROPERTY. The Government Operations Committee reported without amendment H. R. 6382, to extend until June 30, 1954, the period during which GSA may conduct negotiated sales of surplus property (S. Rept. 711)(p. 10479).
12. FOOD INSPECTION. The Labor and Public Welfare Committee reported with amendment H. R. 5740, to restore Food and Drug Administration authority for factory inspection (S. Rept. 712)(p. 10479).
13. EDUCATION. The Labor and Public Welfare Committee reported with amendment H. R. 6049 and 6078, authorizing continued aid for school districts in federally affected areas (S. Repts. 713, 714)(p. 10479).
14. WATER CONSERVATION. Sen. Johnson, Tex., asked for enactment of a water-conservation program for Texas (pp. 10491-2).
15. ELECTRIFICATION. Sen. Lehman inserted his testimony favoring public development of Niagara power (pp. 10492-5).
16. LEGISLATIVE PROGRAM. H. R. 6200, the supplemental appropriation bill, was made the unfinished business (p. 10695). Sen. Knowland announced that the calendar will be called Thurs. and Fri. (pp. 10688-9).

HOUSE

17. WHEAT AGREEMENT. Passed without amendment S. J. Res. 97, to implement the new International Wheat Agreement (pp. 10624-5, 10629). This measure will now be sent to the President.
18. RECLAMATION. The Rules Committee reported a resolution for consideration of H. R. 5731, authorizing the Santa Margarita project, Calif. (p. 10634).
19. PRICE DISCRIMINATION. Rep. Patman inserted his statement before a Judiciary subcommittee favoring his bill, H. R. 5848, prohibiting price ~~discriminations~~ in interstate commodity sales which would substantially injure competition (pp. 10625-9).
20. FOUNDATIONS INVESTIGATION. Rep. Philbin spoke favoring H. Res. 217, providing for investigation of certain foundations (pp. 10573-4).

Mr. MAYBANK. If the Senator from California is going to discuss the matter with the President, is he able to state now how the President feels about it?

Mr. KNOWLAND. No; I cannot speak for the President. But I give the Senator from South Carolina my assurance that I will take it up with the President and I will call to his personal attention the overwhelming vote in the Senate and the record of the debate in the Senate.

Mr. MAYBANK. The Senator from California said, I believe, that it is the President's intention to carry out the intent of Congress, as shown by the debate.

Mr. KNOWLAND. The President, not once, but on numerous occasions, has pointed out that he has a deep conviction that under our constitutional system the Congress is a coequal branch of the Government, and, of course, is the legislative branch.

Mr. MAYBANK. I assume that the Senator from California does not believe that bids should be called for and an award made to the lowest bidder, and then have someone who was not the low bidder be told, simply because he is located in a distress area, "If you meet the low bid, you will get the business."

Mr. KNOWLAND. No; I do not. I think that would be in violation of the entire theory of competitive bidding.

Of course, no one wishes to do harm to distress areas; and, of course, a low bidder whose place of business is located in a distress area would be entitled to the business. I shall even go so far as to say that if a new distress area developed, and if a bid made by a firm located in the distress area was the same as a bid made by a firm located outside the distress area, and if there were unemployment in the distress area, and no unemployment in the other area, it might be proper in a situation of that type to accept the bid by the firm located in the distress area where there was great unemployment.

But after the bids have been examined and after the low bid has been accepted, then to take the business away from the low bidder is not proper, it seems to me.

Mr. MAYBANK. How about the 80-hour week? Under the policy, there cannot be in excess of 80 hours of work in a week.

Mr. KNOWLAND. I am not prepared to discuss that.

Mr. MAYBANK. That is a very important point. It should be discussed.

Mr. HAYDEN. Mr. President, will the Senator from South Carolina yield on this point?

Mr. KNOWLAND. I yield.

Mr. HAYDEN. The law on this subject is the Defense Production Act of February 19, 1948. Subsection (c) of section 2 reads as follows:

(c) All purchases and contracts for supplies and services shall be made by advertising, as provided in section 3, except that such purchases and contracts may be negotiated by the agency head without advertising, if—

(1) determined to be necessary in the public interest during the period of a national emergency declared by the President or by the Congress.

So there must be an emergency.

That puts the matter into the hands of the President, for him to make the determination.

Pursuant to that authority of law, I understand that Manpower Policy No. 4 was issued, and, according to the document before me, it was signed on February 7, 1952, by Mr. Wilson, the Director. Pursuant to Manpower Policy No. 4, the contracts have been let in distress areas.

So it seems to me the matter is entirely in the hands of the administration, because the law provides that the President can determine whether there is an emergency and the Secretary of Defense can modify his order of February 4, if he desires to do so.

Mr. KNOWLAND. I believe the Senator from Arizona is entirely correct in that regard.

Mr. HAYDEN. So the responsibility for correcting the situation is theirs; they have that power.

Mr. KNOWLAND. Yes; I think the responsibility rests upon the administration to make the correction.

Mr. HENDRICKSON. Mr. President, I should like to ask a question of the Senator from California. He stated that he had taken up this matter with the Director of the Bureau of the Budget.

Mr. KNOWLAND. Yes.

Mr. HENDRICKSON. Did the Director of the Bureau of the Budget indicate his attitude toward this problem?

Mr. KNOWLAND. Frankly, I do not feel at liberty to disclose the conversation with the Director of the Bureau of the Budget. But following the debate on the floor of the Senate, I immediately took up the matter with him. I told him of the debate and of the examples which had been referred to, and I said that in my judgment the new administration would do very well to read the debates on a key issue of this kind in the House and in the Senate; and particularly when such an overwhelming expression occurred in the Senate, I thought it would be a matter of good administrative practice to have the key policy-determining officials read the debates; and I called his attention to the day and the page and the subject matter.

Mr. HENDRICKSON. I thank the Senator from California.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 5969, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
July 29, 1953.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 23 to the bill (H. R. 5969) entitled "An act making appropriations for the Department of Defense and related independent agencies for the fiscal year ending June 30, 1954, and for other purposes," and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 2, and concur therein with an amendment, as follows: After the word "amounts" and before the word "as", insert: "(not to exceed \$10,000,000)."

That the House recede from its disagreement to the amendment of the Senate num-

bered 27, and concur therein with an amendment, as follows: In lieu of the matter stricken and proposed by said amendment, insert:

"SEC. 624. No appropriation contained in this act shall be available in connection with the operation of commissary stores of the agencies of the Department of Defense for the cost of purchase (including commercial transportation in the United States to the place of sale but excluding all transportation outside the United States) and maintenance of operating equipment and supplies, and for the actual or estimated cost of utilities as may be furnished by the Government and of shrinkage, spoilage, and pilferage of merchandise under the control of such commissary stores, except as authorized under regulations promulgated by the Secretaries of the military departments concerned, with the approval of the Secretary of Defense, which regulations shall provide for reimbursement therefor to the appropriations concerned and, notwithstanding any other provision of law, shall provide for the adjustment of the sales prices in such commissary stores to the extent necessary to furnish sufficient gross revenue from sales of commissary stores to make such reimbursement: *Provided*, That under such regulations as may be issued pursuant to this section all utilities may be furnished without cost to the commissary stores outside the continental United States and in Alaska: *Provided further*, That no appropriation contained in this act shall, after December 31, 1953, be available in connection with the operation of commissary stores within the continental United States unless the Secretary of Defense has certified that items normally procured from commissary stores are not otherwise available at a reasonable distance and a reasonable price in satisfactory quality and quantity to the military and civilian employees of the Department of Defense: *Provided further*, That commissary stores are hereby authorized to be operated by private persons and privately owned organizations under such regulations as may be approved by the Secretary of Defense."

That the House recede from its disagreement to the amendment of the Senate numbered 29, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert: "*Provided*, That the officer of the Army now assigned as special assistant to the Comptroller, Department of Defense, shall, effective May 1, 1954, be considered to hold the grade of major general for all purposes, without regard to subsection (a) hereof, and while so serving shall receive the pay and allowances of an officer of that grade and his length of service, and when retired under any provision of law shall be advanced on the retired list to such grade and shall receive retired or retirement pay at the rate prescribed by law computed on the basis of the basic pay which he would receive if serving on active duty in such grade."

Mr. FERGUSON. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 2, 27, and 29.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed, without amendment, the bill (S. 2491) to authorize certain construction at military and naval installations, and for the Alaska Communication System, and for other purposes.

The message also announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H. R. 6281. An act to reimburse the Post Office Department for the transmission of official Government-mail matter; and

H. J. Res. 316. Joint resolution establishing in the Treasury of the United States a revolving fund within the contingent fund of the House of Representatives.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 316) establishing in the Treasury of the United States a revolving fund within the contingent fund of the House of Representatives, was read twice by its title, and referred to the Committee on Rules and Administration.

SMALL BUSINESS ADMINISTRATION—CONFERENCE REPORT

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. The unfinished business is Calendar No. 623, Senate Resolution 150, is it not?

The PRESIDING OFFICER. That is correct.

Mr. KNOWLAND. Before we proceed with it, the distinguished Senator from Indiana is ready to submit the conference report on the Small Business Administration bill. Immediately thereafter we shall take up a measure which the Senator from New Jersey wishes to discuss.

Mr. CAPEHART. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5141) to create the Small Business Administration and to preserve small business institutions and free, competitive enterprise. I ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The report was read by the legislative clerk.

(For conference report, see House proceedings of July 24, 1953, p. 10029, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

Mr. BYRD. Mr. President, may we have an explanation of the report?

Mr. CAPEHART. I think I can state without fear of successful contradiction that the House has, in substance, accepted the Senate's version of the bill dissolving the RFC and setting up the new Small Business Administration. I think I can say without fear of successful contradiction, that except for minor technical matters, the House has accepted the Senate's version of this measure.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. HUMPHREY. Mr. President, I should like to ask about the Maybank amendment, which I believe provided \$25 million for public-agency loans. Was it taken care of?

Mr. CAPEHART. It remains in the bill.

Mr. HUMPHREY. And the President will have discretionary authority as to its placement, will he not?

Mr. CAPEHART. Yes.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. MAYBANK. I appreciate what the Senator from Minnesota has said about the Maybank amendment, but I prefer to have it known as the Humphrey amendment, because the Senator from Minnesota [Mr. HUMPHREY] was the first one to submit it.

Mr. CAPEHART. Mr. President, I reserve the right to correct any misstatement I may have made about the matter; but I repeat that except for technical changes, the House accepted the Senate's version of the bill.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. HUMPHREY. Mr. President, I have one further question. I had thought that the Senator from Alabama [Mr. SPARKMAN] would be here. I know 1 or 2 other questions were discussed, 1 of which had to do with advisory powers.

Mr. CAPEHART. That is correct.

Mr. HUMPHREY. In other words, the legislative history is set forth in the Senate debates.

Mr. CAPEHART. Yes. The language was retained in that respect.

Mr. HUMPHREY. There is nothing in the conference report which would alter the legislative background. Is that correct?

Mr. CAPEHART. That is correct.

Mr. HUMPHREY. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

ORDER OF BUSINESS

Mr. KNOWLAND. Mr. President, the distinguished Senator from New Jersey [Mr. SMITH] desires to address the Senate. I understand the Senator from Massachusetts has a brief statement on a bill which has been returned to the Senate with House amendments, and it is not believed that it will take more than a minute or so to dispose of the matter. The Senator has cleared it with the minority leader, and with other Senators on the other side of the aisle.

Mr. SALTONSTALL. I thank the acting majority leader.

LOAN OF SUBMARINES TO GOVERNMENT OF ITALY, AND SMALL AIRCRAFT CARRIER TO GOVERNMENT OF FRANCE

The PRESIDING OFFICER (Mr. BEALL in the chair) laid before the Sen-

ate the amendments of the House of Representatives to the bill (S. 2277) to authorize the loan of two submarines to the Government of Italy and a small aircraft carrier to the Government of France, which were, on page 2, after line 4, insert:

SEC. 4. (a) Notwithstanding section 4 of the act of March 10, 1951, or any other provision of law, the President is authorized to lend or otherwise make available to any friendly foreign nation in the Far Eastern area, with or without reimbursement and on such terms and under such conditions as the President may deem appropriate, such naval vessels not larger than the destroyer type and not to exceed 25 in number, and such assorted minor miscellaneous craft, naval services, training, technical advice, facilities and equipment, as he may deem proper. No vessels shall be made available under this section unless the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines such transfer to be in the best interests of the United States. The President may, from time to time, promulgate such rules and regulations as he may deem necessary to carry out any of the provisions of this section.

(b) No information, plans, advice, material, documents, blueprints, or other papers bearing a secret or top secret classification shall be communicated, transmitted, or disposed of under the authority of this section. The Secretary of Defense shall keep the respective Committees on Armed Services of the Senate and the House of Representatives currently advised of all transfers or other dispositions under this section.

(c) The authority of the President under this section shall terminate on December 31, 1956.

On page 2, line 5, strike out "Sec. 4." and insert "Sec. 5"; and on page 2, strike out line 6 and insert: "submarines, the carrier, and the other vessels including."

Mr. SALTONSTALL. Mr. President, the House amendments were considered by the Armed Services Committee this morning, and the committee unanimously agreed to concur in them. I have cleared the matter with the acting majority leader and with the minority leader. The bill, as reported, would authorize the loan of two submarines to the Government of Italy, and a small aircraft carrier to the Government of France. The bill passed the Senate on July 7.

LOAN OF DESTROYERS

Under the terms of the bill the vessels, which are now in mothballs, would be modernized by the use of MSA funds, and would then be turned over to the two nations mentioned in the bill, to be manned by their crews for a period of not more than 5 years. At the expiration of the period of loan, the vessels would be returned to the United States in the same condition as when they were loaned.

At the request of the Department of Defense, the House Armed Services Committee amended the bill by adding an additional section which would authorize the loan to any friendly foreign nation in the far-eastern area of not to exceed an aggregate of 25 vessels of destroyer type, and such assorted minor miscellaneous craft services and advice as the President might deem proper.

The House amendments require that no vessels shall be made available under

Public Law 163 - 83d Congress
Chapter 282 - 1st Session
H. R. 5141

AN ACT

To dissolve the Reconstruction Finance Corporation, to establish the Small Business Administration, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SEC. 101. This title may be cited as the "Reconstruction Finance Corporation Liquidation Act".

RFC Liquidation Act.
Succession.
62 Stat. 262.

SEC. 102. (a) The first sentence of section 3 (a) of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 603 (a)), is amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1954".

(b) Subsection (f) of section 4 of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 604 (f)), is amended by striking out "June 30, 1954" and inserting in lieu thereof "the sixtieth day after the date of enactment of the Reconstruction Finance Corporation Liquidation Act".

Loans, termination.
62 Stat. 265.

(c) Except as otherwise provided in this title, the liquidation of assets and winding up of affairs of the Reconstruction Finance Corporation shall be carried out as expeditiously as possible in accordance with the provisions of sections 9 and 10 of the Reconstruction Finance Corporation Act.

Procedure.
61 Stat. 205.
15 USC 608, 609.

(d) The Secretary of the Treasury is authorized to incur and pay out of the funds of the Corporation all administrative expenses necessary to carry out the functions vested in him as a result of the enactment of this title. Such expenses shall be limited to and charged against amounts made available to the Corporation or to the Secretary of the Treasury in appropriation Acts for applicable administrative expenses, which amounts shall not include any sums transferred to an officer or agency of the Government, other than the Secretary of the Treasury. The activities engaged in by the Secretary of the Treasury as a result of the enactment of this Act shall continue to be subject to the provisions of the Government Corporation Control Act.

Administrative expenses.

SEC. 103. Section 2 of the joint resolution entitled "Joint resolution to strengthen the common defense and to meet industrial needs for tin by providing for the maintenance of a domestic tin-smelting industry", approved June 28, 1947 (61 Stat. 190), is amended by striking out "the Reconstruction Finance Corporation while that Corporation has succession, and thereafter by".

59 Stat. 597.
31 USC 841 note.
Tin-smelting industry.
50 USC 98 note.
67 Stat. 230.
67 Stat. 231.

SEC. 104. Effective on the sixtieth day after the date of enactment of this Act, all functions, powers, duties, and authority of the Reconstruction Finance Corporation under section 409 of the Federal Civil Defense Act of 1950, together with those assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, personnel, and records of the Reconstruction Finance Corporation which the Director of the Bureau of the Budget shall determine to be primarily related to, and necessary for, the exercise of such functions, powers, duties, and authority, are transferred to the Secretary of the Treasury, and shall be performed, exercised, and administered by the Secretary in accordance with the provisions of such Act.

Transfer of functions to Treasury.
64 Stat. 1257.
50 USC app. 2261.

SEC. 105. No suit, action, or other proceeding lawfully commenced by or against the Reconstruction Finance Corporation shall abate by reason of the termination of succession of the Corporation; but the court may, on motion or supplemental petition filed at any time within twelve months after the date of such termination of succession and

Pending suits, etc.

showing a necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or against the officer or agency of the Government performing the functions with respect to which any such suit, action, or other proceeding was commenced.

Report to
Congress.

SEC. 106. (a) Upon the termination of succession of the Reconstruction Finance Corporation the Administrator of the Reconstruction Finance Corporation shall make a full report to the Congress.

61 Stat. 206.
15 USC 609.

(b) During such period of time as the Secretary of the Treasury shall be engaged in liquidating the assets and winding up the affairs of the Reconstruction Finance Corporation, pursuant to section 10 of the Reconstruction Finance Corporation Act, he shall make quarterly reports to the Congress setting forth the progress of such liquidation and winding up of affairs.

Transfers of
powers.

62 Stat. 101;
64 Stat. 435;
61 Stat. 190.
50 USC app.
1921 note;
50 USC 541,
98 notes.
64 Stat. 800.
50 USC 2091-
2094.

SEC. 107. (a) (1) All functions, powers, duties, and authority of the Reconstruction Finance Corporation under the Rubber Act of 1948, as amended, the Abacá Production Act of 1950, as amended, and Public Law 125, Eightieth Congress, as amended (the tin program), shall be transferred by the President not later than June 30, 1954, in accordance with the provisions of such Acts.

(2) All functions, powers, duties, and authority of the Reconstruction Finance Corporation under title III of the Defense Production Act of 1950, as amended, shall be transferred by the President not later than sixty days after the date of enactment of this Act in accordance with the provisions of such Act.

(b) All assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, personnel, and records of the Reconstruction Finance Corporation which the Director of the Bureau of the Budget shall determine to be primarily related to, and necessary for, the exercise of such functions, powers, duties, and authority, shall be transferred to the officer or agency of the Government to which such functions, powers, duties, and authority are transferred.

Loans to
States, etc.

SEC. 108. (a) In order to aid in financing projects under Federal, State, or municipal law, the President, through such officer or agency of the Government (other than the Reconstruction Finance Corporation) as he may designate, may purchase the securities and obligations of, or make loans to, (1) States, municipalities and political subdivisions of States, (2) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (3) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects: *Provided, however*, That the foregoing powers shall be subject to the following restrictions and limitations:

67 Stat. 231.
67 Stat. 232.

Restrictions.

(A) No financial assistance shall be extended pursuant to this section unless the financial assistance applied for is not otherwise available on reasonable terms and all securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise;

(B) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years.

Appropriations.

(b) The officer or agency designated by the President under this section is authorized to obtain money from the Treasury of the United

States for use in making purchases and loans under this section, not to exceed a total of \$25,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$25,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to such officer or agency from the revolving fund, to be used to carry out this section, when requested by such officer or agency. Such officer or agency shall pay into miscellaneous receipts of the Treasury at the close of each fiscal year, interest on the amount of advances outstanding at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

(c) In carrying out this section, the officer or agency designated by the President shall have the powers granted to the Small Business Administration and the Administrator by section 205 of this Act.

(d) This section and all authority conferred thereunder shall terminate at the close of June 30, 1955, except for purposes of liquidation, which shall be completed not to exceed six months after such termination. The termination of this section shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this section prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.

Termination of section.

TITLE II

SEC. 201. This title may be cited as the "Small Business Act of 1953".

Small Business Act of 1953.

SEC. 202. The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

Policy of Congress.

67 Stat. 232.

67 Stat. 233.

Further, it is the declared policy of the Congress that the Government should aid and assist victims of floods or other catastrophes.

SEC. 203. For the purposes of this title, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria the Administration, in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of business.

Definition.

SEC. 204. (a) In order to carry out the policies of this title there is hereby created an agency under the name "Small Business Administration" (herein referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the

Small Business Administration.

United States as may be determined by the Administrator of the Administration.

Appropriations.
Limitations.

(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$275,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$275,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in sections 207 (a), (b), (c), and (d). Not to exceed an aggregate of \$150,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed an aggregate of \$25,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (b). Not to exceed an aggregate of \$100,000,000 shall be outstanding at any one time for the purposes enumerated in sections 207 (c) and (d). The Administration shall pay into miscellaneous receipts of the Treasury at the close of each fiscal year, interest on the amount of advances outstanding at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

Administrator.

(c) The management of the Administration shall be vested in an Administrator who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint three deputy administrators to assist in the execution of the functions vested in the Administration. Deputy administrators shall be paid at the rate of \$15,000 per annum.

Loan Policy Board.

(d) There is hereby created the Loan Policy Board of the Small Business Administration, which shall consist of the following members, all ex officio: The Administrator, as Chairman, the Secretary of the Treasury, and the Secretary of Commerce. Either of the said Secretaries may designate an officer of his Department, who has been appointed by the President by and with the advice and consent of the Senate, to act in his stead as a member of the Loan Policy Board with respect to any matter or matters. The Loan Policy Board shall establish general policies (particularly with reference to the public interest involved in the granting and denial of applications for financial assistance by the Administration and with reference to the coordination of the functions of the Administration with other activities and policies of the Government) which shall govern the granting and denial of applications for financial assistance by the Administration.

67 Stat. 233.
67 Stat. 234.

Seal, employees, etc.

SEC. 205. (a) The Administration shall have power to adopt, alter, and use a seal, which shall be judicially noticed. The Administrator is authorized, subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this title; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself on a reimbursable basis of the use of information, services, facilities, including any field service thereof, officers, and employees thereof, in carrying out the provisions of this title.

(b) In the performance of, and with respect to, the functions, powers, etc., of Administrator.
powers, and duties vested in him by this title, the Administrator may—

(1) sue and be sued in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property; Suits.

(2) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection; Sale of evidence of debt, etc.

(3) deal with, complete, renovate, improve, modernize, insure, or rent, or sell for cash or credit upon such terms and conditions and for such consideration as the Administrator shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title; Real property.

(4) pursue to final collection, by way of compromise or otherwise, all claims against third parties assigned to the Administrator in connection with loans made by him. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Administrator pursuant to the provisions of this title may be exercised by the Administrator or by any officer or agent appointed by him without the execution of any express delegation of power or power of attorney. Nothing in this section shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint; Claims against third parties.

(5) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 207 (a) or 207 (b) of this title; 67 Stat. 234.
67 Stat. 235.

(6) make such rules and regulations as he deems necessary to carry out the authority vested in him by or pursuant to this title; and Rules and regulations.

(7) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions determined by him to be necessary or desirable in making, servicing, compro- Action on loans.

misg, modifying, liquidating, or otherwise dealing with or realizing on loans made under the provisions of this title.

Consultants,
eto.

(c) To such extent as he finds necessary to carry out the provisions of this title, the Administrator is hereby authorized to procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil-service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5).

Deposits.

SEC. 206. (a) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this title. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration. Each Federal Reserve bank, when designated by the Administrator as fiscal agent for the Administration, shall be entitled to be reimbursed for all expenses incurred as such fiscal agent.

Retirement
and compensation
funds,
contributions.

(b) The Administrator shall contribute to the civil-service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil-service retirement system applicable to the employees engaged in carrying out the functions financed by the revolving fund established by section 204 (b) of this Act. The Administrator shall also contribute to the employees' compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees engaged in carrying out the functions financed by such revolving fund. The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds, which shall be paid by the Administrator into the Treasury as miscellaneous receipts.

SBA powers.
Loans.

SEC. 207. The Administration is empowered—

(a) to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or essential civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however,* That the foregoing powers shall be subject to the following restrictions and limitations:

67 Stat. 235.
67 Stat. 236.

Restrictions.

(1) No financial assistance shall be extended pursuant to (a) above unless the financial assistance applied for is not otherwise available on reasonable terms and all loans made shall be of such sound value or so secured as reasonably to assure repayment; no immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available;

(2) No loan shall be extended pursuant to (a) above if the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund estab-

lished by this title would exceed \$150,000, and no loan, including renewals or extensions thereof, may be made for a period or periods exceeding ten years, except that any loan made for the purpose of constructing industrial facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction;

(3) In agreements to participate in loans on a deferred basis, such participations by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement;

(b) to make such loans as the Administration may determine to be necessary or appropriate because of floods or other catastrophes: *Provided*, That no such loan including renewals and extensions thereof may be made for a period or periods exceeding ten years except that where such loan is for acquisition or construction (including acquisition of site therefor) of housing for the personal occupancy of the borrower, it may be made for a period not to exceed twenty years;

Floods, etc.

(c) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

Government contracts.

(d) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

Subcontracts.

(e) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and on policies, principles, and practices of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearing-house for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration.

Technical and managerial aids.

67 Stat. 236.
67 Stat. 237.

SEC. 208. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

Certification.

SEC. 209. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

False statement.

Embezzlement,
eto.

(b) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

SEC. 210. It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

Defense production, inventory, eto.

(a) to make a complete inventory of all productive facilities of small-business concerns which can be used for war or defense production, or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect; and

(b) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for war or defense production.

Consultation with Government agencies, eto.

SEC. 211. When directed by the President, it shall be the duty of the Administration to consult and cooperate with governmental departments and agencies in the issuance of all orders or in the formulation of policy or policies in any way affecting small-business concerns. When directed by the President all such governmental departments or agencies are required, before issuing such orders or announcing such policy or policies, to consult and cooperate with the Administration in order that the interests of small-business enterprises may be recognized, protected, and preserved.

67 Stat. 237.
67 Stat. 238.

Procurement, subcontracts, eto.
Powers of Administration.

SEC. 212. The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

(a) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(b) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(c) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this title;

(d) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business

concern or group of such concerns to perform a specific Government procurement contract;

(e) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production such reports concerning the letting of contracts, and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this title;

(f) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production;

(g) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs;

(h) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

(i) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this title.

SEC. 213. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

Finality of certification.

SEC. 214. To effectuate the purposes of this title, small-business concerns within the meaning of this title shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agency (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of war or national defense programs.

Awards and contracts.

SEC. 215. The Administration shall make a report every six months of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved, and such report shall include such other information and such comments and recommendations as the Administration may deem appropriate.

Reports.

SEC. 216. The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under war or defense programs and wherever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

Studies of price controls, etc. Recommendations.

SEC. 217. (a) The President is authorized to consult with representatives of small-business concerns with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objectives of this title.

Voluntary agreements, etc.

(b) No act or omission to act pursuant to this title which occurs while this title is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a)

Anti-trust exemption.

67 Stat. 238.
67 Stat. 239.

38 Stat. 717.
15 USC 58.

Limitation.

Nonapplicability.

Transfer of functions, etc.

Small Defense Plants Administration.

Loan requirements.

67 Stat. 239.
67 Stat. 240.

Termination.

of this section and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) of this section shall be delegated only (1) to an official who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, and (2) upon the condition that such official consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such official obtain the approval of the Attorney General to any request thereunder before making the request.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 218. (a) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relate primarily to small-business problems. In connection with any such transfer, the President may provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations and other funds available to the department or agency from which the transfer is made.

(b) The President may also provide for such transfers of records, property, and personnel from the Small Defense Plants Administration, during the period of its liquidation, as he considers appropriate to assist the Small Business Administration in carrying out its functions under this title.

SEC. 219. No loan shall be made or equipment, facilities, or services furnished by the Administration under this title to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons; (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this title; and (3) furnish the names of lending institutions to which such business enterprise has applied for loans together with dates, amounts, terms, and proof of refusal.

SEC. 220. To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

SEC. 221. (a) This title and all authority conferred thereunder shall terminate at the close of June 30, 1955, but the President may continue the Administration for purposes of liquidation for not to exceed six months after such termination.

(b) The termination of this title shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this title prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.

SEC. 222. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act. **Appropriation.**

SEC. 223. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby. **Separability.**

Approved July 30, 1953.

